

ment; and I think, Sir, if the Government of Bengal is attacked before the bar of public opinion—attacked unjustly, villified and traduced—it has every right to choose its own mouthpiece so as to defend itself and to show how unworthy are those attacks.

“With these words, Sir, I beg to oppose the resolution which has been moved by my Hon’ble friend.”

The Hon’ble Mr. EARLE: “I must congratulate the Hon’ble Mover on the dialectic skill with which he introduced his speech and also on the very picturesque language which he employed. I must say that I speak at a disadvantage, being, as he alleges, ‘a mere skeleton tied up with red tape’. On the other hand, there is some advantage in being a skeleton, as the shafts which my Hon’ble friend launches can be received with impunity. I do not think that any serious public man would deny that there is a great evil to be met in connexion with the Vernacular Press, even if he could not agree as regards the particular remedy to be applied. Unfortunately for me, one of my multifarious duties is to read translations of extracts from the Vernacular Press. I fear that the impression which an impartial reader would gather from a perusal of these papers is that he was living under a tyrannical and arbitrary despotism instead of under the mild sway which is the natural outcome of applying British principles of administration. No serious public man would, I conceive, hold that Government should sit still with folded hands and allow the evil to go unchecked. The practice of subsidising the Press with the object of making known the intentions of Government is well known on the Continent of Europe. Fortunately in England such a measure is unnecessary, because there every shade of opinion finds expression in the Press. So too here in India there is no necessity for any action as regards newspapers which are published in English. There are some newspapers of that class which, in a general way, uphold the policy of Government. Others are stern critics of the policy but are moderate in tone, or are, at any rate, not uniformly and invariably hostile. The Vernacular Press, on the other hand, is in a lower stage of development and it is much less well-instructed. It is not too much to say that, with, of course, honourable exceptions, Government is not represented in these newspapers in a fair manner and meets with little or no support from them. The Press Act can, of course, and does, control open sedition. That is a different matter. There is such a thing as damning with faint praise, and the cumulative effect of hostile criticism is great. These are the newspapers which reach the comparatively uneducated masses, and it is necessary that the masses should be given at least an opportunity of judging for themselves whether the hostile criticism of Government is justified. The Government of India have left it to Local Governments to deal with the problem in such a way as may seem to be best. In some provinces it may be possible to subsidise existing newspapers which are of moderate tone; in other cases it may be necessary to assist the starting of new journals. Or it may be that other better methods will suggest themselves. The particular action taken in each province is a matter of experiment; and, if the experiment fails, it can be abandoned and some other better method adopted. It must, however, be clearly understood that there is an evil to be grappled with and that it is the duty of Government to take steps to reduce it.

“Lastly, I wish to bring to notice that though this resolution is, technically speaking, in order, in that it aims at a reduction of the special grant to Bengal, the subject-matter is one which would more suitably be discussed in the local Legislative Council. The Local Governments are, of course, responsible for the particular methods adopted for giving effect to the general policy of the Government of India.

“With these remarks, Mr. Chairman, I suggest that the resolution should not be adopted by the Government of India.”

The Hon’ble BABU BHUPENDRANATH BASU: “I am afraid, Sir, that there is some misapprehension of the grounds upon which I have put my resolution; but before I deal with them I must say at the outset that in offering

the observations that I have ventured to offer in this Council I had not even in the remotest degree before my mind the personality of the gentleman who has been selected in Bengal for editing the newspaper that has been subsidised by Government, and in all the remarks which I have made I have not for a moment thought of him. I share with my Hon'ble friend Mr. Gokhale—who in Bengal does not?—the great esteem in which my countrymen hold Babu Narendra Nath Sen. He has laid the country under great obligation to him for services in the past; but there must be, and there is, a limitation even to the greatest man; and in the task which Babu Narendra Nath Sen has undertaken I believe he has bargained to do a work which will be beyond even his powers, namely, to preserve an attitude of perfect independence and at the same time to make the people believe, with the subsidy behind him, that he has preserved such an attitude. I will say at once that I fully recognize that there is an evil to be combated and put down; in fact, in my own speech I have referred to it. All that I have ventured to demonstrate is that the method that has been selected, instead of combating the evil, will aggravate it: that is my position. It will lead to further hostility and bitterness. It would be quite a different matter if the Government had started a newspaper of its own, for then there would be no possibility of a belief that, in the garb of independent advice, what the people were receiving was the opinion of Government. The people would like to hear first hand what the Government has got to say in defence or in explanation of its own measures; and when the Government makes a statement, it is taken as a statement by Government of its objects and reasons; but when a third party makes the statement, it comes from one who is more or less in the confidence of Government and whose policy must necessarily be guided by the support that he receives from Government. That is the objection that we have ventured to urge against this method of trying to meet the evil. My Hon'ble friend Mr. Huda says that this is the best method suited to meet the evil. I really fail to see—even the Hon'ble Mr. Earle has not adopted that position—on what grounds he considers that this method of subsidising a Vernacular paper is the best method of meeting the evil that has arisen, and I conceive that there will be great difficulties and complications. There are, and there are bound to be, matters of public interest in which different sections of the people might be opposed to each other; and the attitude which this paper will take upon questions like these will surely embarrass the Government in its relations to the people. That is a view which should not be lightly set aside. I regret, Sir, that my Hon'ble friends Mr. Dadabhoy and Mr. Chitnavis should oppose my resolution. I have not known of a Vernacular paper in this province which has said that Government was poisoning the wells to kill the people, or that Government was spreading plague, or that Government was purposely creating pestilence or famine. It may be otherwise in my friends' provinces. But assuming that is so, assuming that this class of misguided and mischievous writers are allowed to exist and are not touched by the present laws that we have enacted, will the mere statement of a newspaper which will live upon a Government subsidy remove or check the evil? That is the question which has got to be considered; and I would ask my Hon'ble friends to consider that question calmly and dispassionately. I was surprised to hear from the Hon'ble Nawab Abdul Majid that a paper conducted by the State will not have the same weight as a paper conducted by a private individual. However high the position of the private individual may be, whatever may be the weight of his authority, that position and that weight are bound to be deleteriously influenced by the support that the Government will openly give him.

“My friend the Hon'ble Mr. Madge agrees with me in the abstract propositions. Does it strike him as to why laws which are right in the abstract miscarry in practice? Does he analyse the surface over which these laws work, and does he realise why these laws, which hold good in other countries, do not hold good in our country, because of the difference in the sphere of their application? I pointed out—I referred to the experience of Lee-Warner's



book. Men connected with the Universities will at once assure this Council of the immense mischief which that book created. It would not be a rash assumption for me to say it, that much of the state of things which we lament to-day might be attributed to the influence which this book exercised upon young minds over a series of years. There are many ways in which Government may check the evil. My friend Mr. Gokhale has indicated to some extent what those ways may be.

"One of my friends has said that if this motion of mine had been for increasing the grant by a lakh of rupees to enable the Government of Bengal to start a paper of its own, he would have seen his way to support me; but I am here, Sir, not for the purpose of submitting constructive schemes, for unfortunately the Governments of this country seldom consult public men in the schemes they frame, and no wonder that their schemes, like the schemes of another class of beings, 'aft gang agley'; but my duty here was to point out that the present scheme is not at all a suitable scheme for the object intended to be achieved. These are the only observations with which I beg to put my resolution to the House."

The Council divided:—

*Ayes—9.*

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur; the Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Raja Sir Muhammad Ali Muhammad Khan of Mahmudabad; the Hon'ble Babu Bhupendranath Basu; the Hon'ble Mr. Sachchidananda Sinha; and the Hon'ble Mr. Mazharul Haque.

*Noes—44.*

The Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Madge; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Phillips; the Hon'ble Mr. Dadabhoy; the Hon'ble Mr. Gates; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Sardar Partab Singh; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slacke; the Hon'ble Mr. Stewart-Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir Vithaldas D. Thackersey; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kesteven; His Excellency the Commander-in-Chief; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major-General Grover; the Hon'ble Mr. MacLagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Porter; the Hon'ble Mr. Robertson; the Hon'ble Mr. Brunyate; the Hon'ble Sir Henry McMahon; the Hon'ble Nawab Abdul Majid; the Hon'ble Maulvi Shams-ul-Huda; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; and the Hon'ble Mr. Macpherson.

So the resolution was rejected.

## FINANCIAL STATEMENT.

### SECOND STAGE.

The Hon'ble SIR GUY FLEETWOOD WILSON: "I now have to move the second stage and I do not propose to offer any remarks beyond drawing attention to the fact, for the information of Members of Council, that there are a few changes in regard to the heads which are attributable to the changes which have taken place in the constitution of the Government of India. The creation of an Education Department has necessitated the removal of one or two heads from one Department to another and, of course, they will therefore be taken in charge by other Members than took charge of them last year. There is a further slight change in regard to the particular heads for which I have to answer. Salt and Excise have been transferred to my Hon'ble friend the Member for Commerce and Industry."

## OPIUM.

The Hon'ble SIR SASSOON DAVID: "Sir, I beg to move the following resolution which stands in my name :—

'That this Council recommends that the quantity of opium for export to Singapore and other markets outside China be taken at 10,000 instead of 16,000 chests, and the price at Rs. 2,500 instead of Rs. 1,500 in the Budget Estimates.'

"My resolution refers to that portion of my Hon'ble friend the Finance Minister's speech which deals with the disposition and apportionment of the number of chests of Bengal opium between China and Singapore and other markets outside China.

"The alteration which my resolution embodies arrives at a higher figure by 10 lakhs of revenue, and when I have made it clear, I feel no doubt that the Hon'ble the Finance Minister and the Council will see their way to adopt the resolution.

"I desire in the first place that the total number of chests allocated for Singapore and other markets outside China may be reduced from 16,000 to 10,000 chests. My investigations into the statistics of the last few years has unmistakably demonstrated that the exports to Singapore and other markets outside China have not exceeded the average of 14,000 chests per annum, and that out of that quantity between 3 and 4 thousand chests were annually shipped from those ports to China.

"It is evident, therefore that these markets do not require for their own consumption more than 10,000 chests a year.

"I am surprised to see from the Financial Secretary's memorandum that it is expected that 20,000 chests or double the quantity of this annual average consumption will be sold for Singapore during the next financial year.

"In the second place, I am strongly of opinion that if the number of chests is reduced from 16,000 to 10,000 for the calendar year, Singapore market opium would certainly realise the same price as China opium, viz., Rs. 2,500 instead of Rs. 1,500 per chest, and perhaps more, because 10,000 chests, as I have shown above, are about the actual requirements of those markets and there will be no other source of supply.

"I do not wish to commit myself by saying, as I said last year, that the budgeted figure of Rs. 2,500 per chest for China is too low. Everything depends upon the result of the negotiations now going on in Peking. But I can say with confidence that if our Government succeed, which we all hope they will, in safeguarding the legitimate interests of the trade so long as the trade remains, next year this time there will be another great windfall from opium notwithstanding the budgeted figure of Rs. 2,500 per chest against Rs. 1,750 for the past year. On other grounds too I contend that my resolution should commend itself to the acceptance of this Council. It would have the effect of restraining the smuggling of opium from Singapore and elsewhere into China, and by adopting it we would be practically furthering the cause of which the Hon'ble Finance Minister expressed himself the other day in such warm terms of approval.

"We would also be meeting the protestations of China, of which we have heard so much, that despite the anxious desire and the restraining influence that has been studiously exercised by the Government of India, the China market has been flooded with Indian opium.

"Sir, to sum up the situation briefly, my resolution if adopted will lead to the following advantageous results. It will strengthen the position of Government both in regard to their own finances and in their relations with China. Government will have 6,000 unsold chests for future disposal representing a net revenue of one crore and a half or perhaps more. We shall hear the last of the complaint from the Chinese that India is placing on their markets a larger number of chests than what has been actually promised. It will also reduce considerably the unfair competition to which the legitimate trade with



China is exposed owing to opium smuggled from Singapore on account of the temptation of large profits arising out of the vast difference in prices. I am sure Government are anxious to protect the merchants trading with China by securing them against illegitimate rivalry. And these results will be attained without in any way dislocating the Budget estimates, rather by improving them by 10 lakhs.

"With these words, I ask the Council to adopt this resolution, reserving my remarks until the Budget discussion as to the treatment meted out to British merchants by the Chinese authorities."

The Hon'ble SIR GUY FLEETWOOD WILSON: "The Hon'ble Member, in a manner to which I can take no exception, has alluded to the difference between the result of our sales and the forecast which we took last year, and he as well as others has indulged in the pleasurable occupation of saying 'I told you so.' I do not deny, and we never contended last year, that their forecast was altogether unreasonable. Our statements in Council last year showed that we fully recognised the possibility of ours being an underestimate; but the figure we took for opium was not the result of timorous or hapazard calculation, but what we considered to be prudent. What we maintained all through is that no prudent, indeed, no reasonable, man would base a budget on the wild fluctuations of a speculative, I may even say an emotional, market.

"I take this opportunity of saying that in my opinion our attitude was sound as is evidenced by the extraordinary and hysterical communications which throughout the year I have been receiving almost daily from those interested in the opium trade. The alternations in their feelings of confidence and despair nearly exceeded the remarkable fluctuations which have taken place in the price of opium. I do not know what the price may be or may not be this year, but I shall be very glad indeed if it turns out to be higher than that which I had taken. But there is no desire on my part to budget for a windfall, and I still maintain that ordinary prudence necessitated great caution in forecasting the prices for the future.

"Coming now to the main point, which he pressed upon us, I may say that I have listened with great interest to the speech of my Hon'ble friend opposite. He naturally takes a very great interest—a personal interest—in the opium question, and is thoroughly conversant with it. I am placed at a very great disadvantage in replying to him, inasmuch as in taking the course which is the only one open to me I frankly admit that I lay myself open to the charge of not meeting the points which he has raised. I would ask him, however, to accept my assurance that if I do not do so it is not from any desire to treat him cavalierly or from any lack of respect for the arguments which he has advanced. I can only repeat the assurances which I gave in my Financial Statement with regard to the attitude of the Government of India. We are fully mindful of our duty to safeguard to the utmost extent possible the rights of the Indian opium traders and to do our utmost to get justice done to them; but beyond that I can say no more, and for this reason: negotiations of the most delicate character are at the present moment going on in Peking, and I will tell the Hon'ble Member quite candidly that I am afraid of saying anything more lest I should injure those very interests which he has at heart.

"I cannot accept the resolution."

The Hon'ble SIR SASSOON DAVID: "My object in moving this resolution was to put the merchants dealing with China on the same footing as those of the Straits Settlements and other countries outside China. By making this differential treatment in the price of opium, I am sure the merchants in China will be very badly handicapped, and it is only with that view that I wish that the treatment of the merchants dealing with China should be on the same equal footing as those of other places."

The resolution was put and rejected.

## INTERPRETATION OF RULES.

The Hon'ble MR. GOKHALE: "Sir, before I proceed to the first of the series of resolutions of which I have given notice, I would like to get one or two points cleared up in the remarks which you made in this Council yesterday about the interpretation to be placed upon some of the rules; and I hope, therefore, that you will permit me to address to you a few observations.

"Sir, the rules which govern these discussions require, first, that our resolutions should refer to specific entries in the Financial Statement; secondly, that they should be clearly and precisely expressed and should raise definite issues; and, thirdly, what you mentioned yesterday, that the discussion should be limited to the subject of the resolution, and should not extend to any matter as to which a resolution may not be moved. In addition to these requirements, however, it appeared to me yesterday that two other limitations would be introduced by the interpretation placed on these rules by you, if that interpretation, as understood by me, were to be enforced. One is that the proposers of resolutions should also state how effect is to be given to their proposals, and secondly, that the whole of the proposals, whatever they may be, should be such as could be carried out during the year following. Now Sir, if your first dictum merely means that we should indicate in our speeches, supporting our resolutions, what steps may be taken by Government to reduce or raise expenditure, as the case may be, in the direction indicated by us, I have nothing to say; I accept that at once and it would be on those lines that all my remarks will be made. If, however, the dictum means that I should point out exactly how the particular reductions proposed are to be effected, well, all I can say is that that is entirely beyond any non-official Member of this Council. It would be a good reason for the Member in charge to urge, in opposing a given motion, that the motion was not practicable; and if, by any chance, the proposer succeeded in getting the Council to accept it, the Government could veto it on that ground. But my contention is that it cannot be ruled out of order on that ground. The whole position comes to this: here is the Budget Statement placed before us, asking us to assent to certain entries. I say that a particular entry should be a little less than what is proposed; if the Council accepts the view, the matter goes to Government; if it does not, the matter drops. The only thing that the Government may fairly insist upon is that the proposal should be such that it should be within the competence of the Department concerned to give effect to it, and that no large questions of policy beyond the competence of the Department should be raised.

"As regards the other point, I would respectfully submit, Sir, that it would be enough if a beginning could be made in the direction indicated during the budget year, and the whole proposal need not be carried out in the course of that year.

"Finally, Sir, one word about the purposes of these motions. It appeared to me that your observations on this point implied that the resolutions, of which I have given notice, travelled really beyond the purposes which these rules have in view. Now, Sir, may I respectfully point out that last year precisely similar resolutions were allowed, and we had at that time in the chair Sir Harvey Adamson, who as Home Member, in concert with the Law Member, was the author of these rules. He certainly would have called me to order if my resolutions had gone beyond the purposes of the rules. However, I hope I take it that, if I adhere to the lines which I have indicated in a general way, I shall have no difficulty on any point of order."

THE PRESIDENT: "I am very glad that the Hon'ble Member has given me an opportunity to state the position more clearly. I will begin where he left off. A precedent is not made in a day, and if a mistake was made last year—I do not say that a mistake was made—we are not bound by it for ever. In the next place, I would say that what I said yesterday was intended partly by way of indication of the interpretation which I would place upon the rule, and partly by way of well-meant advice to Hon'ble Members who had resolutions on the table. Now, what I said then was, and what I say now is, that a



resolution should be what it purports to be. It ought not to be used as a device for raising questions unconnected with the substance of the resolution, and I think that that sufficiently arises out of rule 13 which the Hon'ble Member has quoted.

"As to the other point, the advice which I gave, that Hon'ble Members should, in moving their resolutions, indicate in what manner effect should be given to their proposals—that, of course, is not a point of order except in so far as their doing so may be an evidence of good faith and goes to show that a resolution is really a genuine one and not intended to serve any ulterior object. But as a matter of advice I think it is good advice. Of course I never intended to imply that an Hon'ble Member in proposing a reduction should state exactly where every rupee of that reduction should fall; but I do think that he should be able to show that the reduction is practicable and how it should be effected during the course of the year to which the Financial Statement relates. I hope that what I have said will satisfy the Hon'ble Member that I have no intention of straining the rules; in fact, my desire is to allow Hon'ble Members the utmost possible latitude which is consistent with the practical, reasonable and business-like conduct of our affairs. I have sufficient confidence in the skill and experience of the Hon'ble Member as a debater to be sure that whatever interpretation is placed upon the rule, he will be able to say whatever he wishes to say."

#### OPIUM.

The Hon'ble Mr. GOKHALE: "Sir, I do not wish to move the resolution\* about opium, of which I have given notice, in view of the fact that the Department is more or less a doomed Department now. It is quite true that threatened men live long; but as the expenditure in this Department will now necessarily be curtailed, I wish to withdraw my resolution."

THE PRESIDENT: "The resolution is withdrawn."

#### MINT.

The Hon'ble Mr. GOKHALE: "Sir, I beg leave to move that this Council recommends that the expenditure under Mint be reduced by Rs. 50,000. It is somewhat unfortunate that the first of the series of resolutions which I have to move should be about a Department about which I have to say the least; but as Mint happens to come first, I must state what I have to say in a few words. I find, Sir, on an analysis of the figures for the last few years that the charges of this Department—I am confining myself to establishment charges and contingencies—are a very variable amount. Evidently, when there is money to be spent, the charges go up; when there is no money to be spent, the Finance Department is able to cut down the expenditure on establishment charges and contingencies. I find, for instance, that, as in the case of many other Departments, the highest point of expenditure was reached in 1907-08. As I have already said, I am confining myself to charges in connection with establishments and contingencies, and I may state that in connection with most other Departments I will do the same. I find that these charges, which, in 1905-06, were 6·9 or, say, 7 lakhs for the Mint Department, rose to nearly 9 lakhs in 1907-08, and that was the highest point reached. Then the Hon'ble Member, probably in view of the deficit which was then expected, put on a brake, and we find that in the next year—1908-09—the charges fell from 9 lakhs to 7·13 lakhs. The next year, i.e., in 1909-10, they fell still further. They fell to Rs. 6,69,000. That is the lowest figure reached by these charges in recent times. Now, Sir, I find that there is a tendency for these charges to go up again: is it because the stringency of the

\* "That this Council recommends that the expenditure under Opium be reduced by Rs. 50,000."

financial position is disappearing? And I would like to know why this is happening. Last year the Department budgeted for Rs. 7,13,000, though the revised estimate is less; this year they have again budgeted for Rs. 7,23,000. This is a figure about Rs. 54,000 in excess of the figure for 1909-10, and my point is that, as the charges of this Department appear to be elastic, capable of being cut down when the Government wants to cut them down, and liable, to go up and go up pretty largely, when Government have money, in view of the debate on retrenchment we had the other day and of the necessity for finding money for many other objects, the budget grant for expenditure under this head should be cut down by, say, Rs. 50,000, which I propose in my resolution. Another thing to which I wish to draw the attention of the Council in this connection is that in the Calcutta Mint, while other charges have been kept down, and are, as a matter of fact, showing a lower and lower level, the charges in connection with Direction and Office have been steadily rising. In 1905-06 they were Rs. 66,000; in 1908-09 they reached the highest point, about Rs. 85,000; and for 1909-10, the last year for which figures are available to me, I find they were at Rs. 75,000. Now this steady rise in Direction and Office charges requires some explanation, and I hope that that explanation will be forthcoming.

"One more suggestion and I have done. I find that there are seven appointments in this Department with salaries ranging from Rs. 500 to Rs. 3,000, and there is not a single Indian among them. If, in the course of the next year, a vacancy occurs, either temporary or permanent, and if the Hon'ble Member will see his way to appoint an Indian, even if he does not give him a lower salary, he will be able to effect a saving in exchange compensation allowance; and I propose that he should take advantage of any such contingency arising. With these few words, Sir, I commend this proposal to the Council."

The Hon'ble SIR GUY FLEETWOOD WILSON: "I may remark, Sir, that the salaries are consolidated salaries, so my Hon'ble friend's plan would not save a penny if I appointed an Indian to-morrow morning. I now come to the question which he has raised, and very reasonably, namely, that the higher appointments in the Mint are not given to Indians. They are limited to five, and under an old regulation, a regulation for which I am not answerable, they are reserved for officers of the Royal Engineers. The decision was arrived at years ago, and as long as those appointments are allotted to Royal Engineers, Royal Engineers will have to be appointed to them. As regards the subordinate skilled class employed in the Mint, an intimate acquaintance is necessary, which can be only based on experience, with the complicated machinery which is used in the Mint. So far as I am able to understand a somewhat technical case, it is only the people who have been more or less trained in places in Scotland where this particular machinery is made who are competent to deal with it. That accounts for these few appointments not being given to Indians.

"I may also allude to the Assay Office, which is part of the Mint, but which my Hon'ble friend has not dealt with; but I prefer to deal with it, otherwise we may have a resolution in connection with Assay. The higher appointments are four and they are limited to members of the Indian Medical Service, in which service there are a great number of Indians, and distinguished Indians. Any Indian officer in that Service would be considered for any of these appointments if he liked to apply for it; but none has ever yet applied for it.

"The Hon'ble Member has alluded to the great rise which took place in 1906-07."

The Hon'ble MR. GOKHALE: "In 1907-08."

The Hon'ble SIR GUY FLEETWOOD WILSON: "1906-07, I understand. However, it does not matter. It was the year when the coinage, as is within the knowledge of my Hon'ble friend, was in excess of what it had ever been before. The fact is that in the case of the Mint it is the one Department in which the relation is absolutely between the cost of the



establishment and the productive power of that establishment. The Hon'ble Member knows that I have set my face against anything like undue coinage or unnecessary coinage. But it is in the slack years, and only in the slack years, that we can take advantage of the Mint being more or less light worked to recoin obsolete and worn out rupees, and I watched it myself most carefully and personally, and that is really what we have been doing. I must also point out to the Hon'ble Member that when we get a slack year, unless I do find some means of employing the Mint, the greater portion of that subordinate class which is entirely Indian would have to be turned out into the streets, and it is partly from a consideration for these people whom we employ that I allow the minting to go on of obsolete and worn out rupees so as to avoid wholesale discharges.

"I now come to the question which he has alluded to of 1907-08 (I made a mistake about the other year). The increase which he alluded to was attributable to the introduction of electric power into the Mint. It was a perfectly legitimate increase. There is thus no real increase in the expenditure of the Mint so far as I am able to ascertain, and I have taken trouble to ascertain it, to the best of my ability. Whatever apparent increase there is, is due to increase of coinage and therefore of receipts. As I have already explained, when we are not coining, as fully as we sometimes are, new rupees, we are bound to take that opportunity of replacing coinage which is not fit for circulation.

"I hope that with this explanation my Hon'ble friend will realise that in connection with the Mint as with the other Departments which come under my jurisdiction, I have made every effort to control expenditure, to introduce economy and at the same time to safeguard the vested interests of people who very often cannot speak for themselves—the subordinate Indian class in our employment."

The Hon'ble MR. GOKHALE: "There is only one point on which I should like to hear a word of explanation, and that is why the charges are going up again after having gone down up to 1909-10. I recognise that during that year and the previous year the charges were going down. They reached their lowest point in 1909-10—Rs. 6,69,000. There is no new coinage going on now, and I want to know why the charges are going up again. The Hon'ble Member has budgeted for Rs. 7,23,000 for next year."

The Hon'ble SIR GUY FLEETWOOD WILSON: "I have already explained to the Hon'ble Member that the relation between increase and decrease in the cost of the Mint is the relation which exists between more coining and less coining."

The Hon'ble MR. GOKHALE: "I do not wish, Sir, that the resolution should be put to the vote. After what has fallen from the Hon'ble Member, I would like to withdraw it."

The resolution was withdrawn.

#### FAMINE GRANT.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the allotment of seventy-five lakhs of rupees under Famine Relief and Insurance, which is proposed to be devoted to reduction or avoidance of debt, be abolished, or, at any rate, suspended till it becomes necessary to borrow again for meeting famine expenditure.

"Sir, I had moved a similar resolution in the course of the financial discussion of last year, and the first part of this resolution, at any rate, is a repetition of that resolution. In view of what the Finance Minister said yesterday, that he would consider the desirability of creating a sinking fund of a definite amount, there is not much point in my pressing this resolution on the attention of this Council. But the Hon'ble Member has only promised to consider the question. He has not promised definitely to create a sinking

fund, and it is just possible that he may not create it after all, in which case I should certainly like to enter my protest against this particular allotment of 75 lakhs. Sir, as I pointed out yesterday, for the next year, with this allotment of 75 lakhs, the total sum devoted to the reduction of debt will amount to 2 crores, and in addition to that, whatever surplus you may get under Opium, whether it be 2 crores or 3 or 4, will probably be devoted to the reduction of debt. Now, Sir, as regards the amount allotted under Railways to capital redemption, that is laid down by Statute. The annuities have to be paid in accordance with a Parliamentary Statute, and therefore it is not possible to touch them, though we may take them into account for finding out how much money is being devoted to the extinguishing of debt. But this amount of 75 lakhs is entirely in the discretion of the Government of India, and by the Government of India I mean the Government of India with the sanction of the Secretary of State. Last year, in dealing with this question, I gave a brief history of this Famine Insurance Fund. I pointed out then that when this fund was created in the seventies—towards the end of the seventies—it was calculated by the Government of Lord Lytton that, taking a period of about 10 years, the Government of India might reasonably be called upon to meet a famine expenditure of about 15 crores of rupees, or a crore and a half every year. That amount was based on a consideration of what the Government had spent and what the Government had lost in the famine of 1874 in Bengal and the famines of 1876 to 1878 that ravaged Madras, Bombay and other parts of India. This was sanctioned by the Secretary of State, and special taxes imposed to provide an annual margin of a crore and a half for this purpose. Later on it came to be laid down that half of this grant should be devoted to protective works—railways and irrigation. Of course the first claim on the money is that of actual Famine Relief; but when there is no famine, as there is none this year, and I hope there will be none next year, half is devoted to protective works—at one time both railways and irrigation and now only irrigation—and the other half is devoted to a reduction or avoidance of debt. Now, in view of the fact that our unproductive debt is extremely small, and there is another provision made for reducing the debt, I think this grant ought to be made available to the people of this country for other purposes. I would like, for instance, this to be applied to the improvement of the agricultural classes, the classes that suffer most from famine, so that it will not be diverted from the real main object for which it was created, namely, to enable these to better resist the attacks of famine. Famine relief is a direct form of giving relief, and must, of course, have precedence; but protective railways and irrigation are only an indirect form, and they need not be the only indirect form; there are other indirect forms which might do as well. If, for instance, you give agricultural education to the agriculturists, if you help them to acquire industrial education, if small industrial occupations are promoted—in these and various other ways you can enable the agriculturists to better resist and tide over the effects of a famine. My proposal, therefore, is that this grant of 75 lakhs should be abolished altogether, and the money thus set free be devoted to some object which will improve the conditions of the agriculturists and enable them to resist famine.

“If, however, the Government are unwilling to do this, I urge that the grant should at least be suspended till the Government find it necessary to borrow again for meeting famine expenditure. Lord Lytton's Government expected that every ten years they would have to borrow, in the absence of some special provision, such as they proceeded to make, a sum not exceeding 15 crores. This was, of course, a rough calculation. Now, during the last 10 or 12 years we have had several severe famines; but even after finding all the expenditure required for the famines, the Government have realized surpluses exceeding 20 millions, and they would have had large surpluses even if the famine grant had not existed. Therefore, there is no occasion now for a special grant in this connection, and no special provision should be made till the Government find it necessary to borrow again. I therefore beg to move this resolution.”



**The Hon'ble Mr. MUDHOLKAR :** " Sir, I wish to support this resolution, and in doing so would advance some considerations other than those put forth by the Hon'ble Mr. Gokhale. The Famine Insurance Fund was created for the purpose of saving the lives of people. Famines, it was recognised, were things which must be regarded as occurring periodically in India, and it was considered necessary to have a fund which would obviate the necessity of raising large loans whenever a famine came. It was estimated that about a crore and a half would be required to be provided every year on the scale that during 10 years something like 15 crores would be required for actual famine expenditure and for minimising their visitations. The Famine Insurance Fund had a chequered life and its application varied at different times. On several occasions it was suspended, and almost immediately after it was created, for nearly four years, it was applied for purposes of war and for other objects of general administration. In recent times, however, it has been practically settled that in those years in which there is famine the money is to be applied primarily towards famine relief, and in other years half of it should be set aside for protective works and half—seventy-five lakhs—for the reduction of debt. Now, this is a policy which, if there had been no other disturbing factors, I for one would certainly have unreservedly accepted as a sound policy. But subsequent to 1878 developments have taken place—new scourges, devastating epidemics and diseases have appeared which require a reconsideration of the policy which was laid down some years ago. We had no plague in 1878 or even in 1890, but now we have plague, malarial fevers and other epidemic diseases. What we have to face is that whereas the population in the decade which ended with 1891 had increased by 22 millions or nearly 11·13 per cent., in the subsequent decade ending with 1901 it increased by only 12 millions or by less than 5 per cent. In certain provinces there was an actual decrease of population. In the Guzarat and in the Deccan and Kanarese portions of the Mahratta race of the Bombay Presidency, there was a decrease of nearly 4½ per cent. In Ajmere-Merwara there was a decrease of 15 per cent; in Berar there was a decrease of 5 per cent.; in the Central Provinces there was a decrease of 8·4 per cent. Thus, instead of a normal growth of population, we find that the population has actually gone down in several provinces. In the years which have elapsed between 1899 and 1909, in these ten years we find that nearly 5½ millions have died from plague alone. These are the recorded deaths. There are probably several cases of unrecorded plague deaths. The situation, I submit to the Council, is one which is very grave and which requires the most serious attention of the Government. Just as in the case of famine, it was considered necessary to apply large funds to the saving of human life, here has arisen an occasion when large funds are also required for saving human lives from epidemics. The question is one which depends mainly with the Imperial Government. Last year, when in regard to general sanitation in the Central Provinces and Berar I brought forward a resolution, the official representative pointed out to me what was being done and how all that the Local Government was in a position to do was done by the Administration. Well, the Hon'ble Mr. Phillips pointed out that in that year and in the year preceding they had been receiving from Rs. 2,10,000 to Rs. 2,28,000. In the years immediately preceding, however, we had only Rs. 6,000, Rs. 9,000 and Rs. 13,000, all set down as given for purposes of sanitation. The Hon'ble Mr. Meston, on behalf of Government, said that the Central Provinces were unable to carry out the necessary sanitary reforms, because the Administration was in a condition approaching bankruptcy. Well, this is a question which has to be considered in all its seriousness. The case of the Central Provinces is typical of the other provinces. If the population is not only not increasing in its normal ratio but is actually going down, then it behoves Government to take vigorous steps for combating these scourges which have appeared. The difficulty which is found in regard to plague is that large sums are required for the purposes of affording relief to people to go out and for spreading inoculation. Last year we were told by the great medical authority that we have in this Council that the plague is a rat disease. Well, I am not entitled to call into question the correctness of such an authoritative

statement. What in practice we find is that inoculation affords considerable immunity and evacuation also goes a great way to save human life. But these things require money, and neither the local bodies nor the Local Governments are in a position to meet the large expenditure required for giving help to people, to enable them to go and live for months in the jungles. In regard also to malaria several measures have been recommended. The Local Governments there also find that they cannot at all give effect to the measures recommended because there is dearth of money. I therefore appeal to the Government and to this Council to consider whether it is not more necessary to save human life than to have what is called conservative finance and to have a reputation for high credit. Sound finance is certainly necessary; but I would submit to Government, who occupies the position of *pater familias* in this family of India, that the credit of the family, the financial position of the family, is a matter of secondary importance to saving the lives of the members of the family. I consider that more than the payment of debts, more than obtaining a reputation for being punctual in the discharge of your obligations, it is necessary to preserve the lives of the people.

"It might be said that the Famine Insurance Fund is one which is intended only for the purposes of famine. Well, Sir, as Mr. Gokhale pointed out last year, and has been pointed out over and over again in this Council on other occasions, it is not at all rare for the Famine Insurance Fund to be diverted to other purposes than that for which it was created. On no less than five different occasions was it suspended and the suspension extended sometimes to over two years, sometimes to over three years, and was at times in whole and at times in part. So the diversion of the Famine Insurance Fund to other purposes is a thing not unprecedented. Well, after all it rests on Government to take the large and humane view of the subject and to decide whether it is not a proper one in the circumstances which have arisen. Sir, when we find that in certain places, for instance, like Nagpur, the headquarters of a province, the plague almost carries away at one visitation one man in every 10, when also in other places a regular decimation is going on, is it not necessary for Government to step in and to take the requisite steps for saving human life?

"I therefore make an appeal to all Members of this Council and to the Government here in India and in England and call upon them to see whether it is not required by the present circumstances of the country that the portion of the Famine Insurance Grant which is generally devoted to the payment of debt should not, in the peculiarly unfortunate circumstances which have arisen, be preferably applied to the saving of human life."

The Hon'ble Mr. Meston: "The Hon'ble Mover's motion is really an echo of yesterday's discussion on the subject of the sinking funds. The Hon'ble Mr. Gokhale tells us again that we use our current revenues far too much for the purpose of capital expenditure, and that we might very well allow our debt to advance a little more rapidly and put our revenues more largely into the immediate requirements of the country. The question has been threshed out so often that I hope the Hon'ble Member will not accuse me of discourtesy if I say that he has given us nothing new on the subject, and I honestly confess that we in the Finance Department likewise have nothing new to say on the subject, so that I am afraid we must remain mutually unconvinced."

"The Hon'ble Mr. Mudholkar in supporting the resolution has hinted that high finance and ordinary humanity are not reconcilable. I trust that in the Budget which is now before the Council there is nothing to justify that unhappy view."

"The particular form in which the Hon'ble Mr. Gokhale has put his motion to-day calls for only a very few words of explanation, which I shall try to make as short as possible. For the broad purposes of his argument the Hon'ble gentleman groups together not only the Famine Grant but all the other moneys which in any way whatsoever we divert from revenue for capital purposes or transfer from revenue into our cash balances where they become in time avail-



able for such purposes. For the purposes of his argument this is quite justifiable, and it certainly substantiates the claim for the enquiry which the Hon'ble Finance Member undertook to conduct into the possibility of having greater system in our sinking fund methods.

"What Mr. Gokhale urges upon us, however, is the removal from our accounts of the only item which is ear-marked as being utilised for the avoidance or reduction of debt. Now I wish to submit to the Council that this would be a mistake unless it is undertaken as part of a larger measure for the definition of our duties in the way of avoiding or reducing our unproductive debt. I must admit that, in looking through the history of our Famine Grant and the constant misrepresentations and misconceptions which surrounded it and the complexity of accounts which it involves, one is often tempted to wish that it were possible to throw the whole thing overboard, to close this complicated system and to deal with famine debts and famine charges in the same way as we deal with other debts or charges. I am afraid, however, that any such proposal would cause enormous misconception both in India and in England, and I hardly think the ends to be served would be worth the storm that would be aroused. That being so, is it not wiser to keep the Famine Grant as a thing distinct by itself? Sanctioned now by long experience, it has been an integral part of our financial system for the last third of a century, and it is ear-marked for plain and well-defined purposes. We might, I think, keep our reforming zeal for the systematizing of the other methods by which our unproductive debt is to be reduced."

"There is in the actual figures, Sir, another argument against interfering even temporarily with the 75 lakhs which in good years we put away from the Famine Grant for the avoidance of debt. That argument is that if you reduced your Famine Grant by one-half, as this proposal implies, it would unfortunately cease to be equal to the strain that is thrown upon it. We used to keep an account of the uses to which the Famine Grant was put. A few years ago that account was no longer made up as it used to be. In the discussion of the Financial Statement of last year, as far as I remember, the Hon'ble Mover of this motion brought it up to date, and I think the results he arrived at coincided very closely with those we have now come to. He showed that if the Famine Grant had been funded from the year of its first inception in 1878 by the payment of a million sterling every year into the Fund, the balance now in hand, after paying for actual famine relief and for the cost of protective works, would be about 4½ million sterling. In reality it is considerably less; because the later developments of famine policy tend to throw a larger share of famine charges on to the ordinary expenditure. For instance, the famine policy, which was so successfully worked by the Hon'ble Mr. Craddock in the Central Provinces last year, had the effect of transferring expenditure from famine works proper to an expansion of the programme of ordinary works, and to that extent it threw upon the ordinary Budget of the province expenditure which was really of a famine character. In the same way the losses on famine loans and the losses on *takkavi* which was given on such a large scale in the United Provinces never appear in our famine accounts at all. So that in reality the balance in our Famine Grant would be considerably short of 4½ millions, and that would be the whole of the amount in these last 33 years which we have transferred from our Famine Fund or Famine Grant, whatever you like to call it, to the reduction of debt. If you take the figures of the last ten years, the result is still more striking. In the last ten years the Famine Grant would, by hypothesis, amount to 10 millions. In these ten years the actual expenditure on famine relief has been 7.1 millions and on protective works 2.8 millions, or a total of 9.9 millions, or within a decimal point of our total credit. If we had not been able to draw upon our 75 lakhs, or, if the Hon'ble Member prefers to put it in this way, if we had suspended it in the last ten years, our Famine Grant accounts would have shown an actual deficit. I submit that the Famine Grant is an institution which we might well let alone. It is a healthy tree which we have nourished with much care and sacrifice, and I trust the Hon'ble Member will not ask us to cut it down for some new plantation. Possibly the next generation will be grateful to sit under its shade."

The Hon'ble MR. GOKHALE: "It is quite true, Sir, that neither the Finance Department nor myself have anything new to say on the subject. It is also true that for the moment the Hon'ble Member is unconvinced by what I have said, just as I am unconvinced by him; but I am in hopes that, if he is unconvinced this year, he will show himself more responsive next year or the year after. I find some comfort in the thought that a similar experience has come to the Finance Department in other matters in previous years.

"There is one portion of the reply of the Hon'ble Mr. Meston to which I would like to refer, and that is the concluding portion. The Hon'ble Member says that if we took the last 10 years, it would be found that the actual Famine Grant of a million a year was practically exhausted in famine relief and protective works, and that if my proposal had been adopted 10 years ago and if the Famine Grant had not been available, Government would have had to show a loss account in connection with famines. Now, Sir, this is really ignoring the whole spirit of the creation of the Famine Grant. When the Famine Grant was created more than 30 years ago by Lord Lytton's Government, there were no large, ordinary surpluses accruing to the revenues of the country to take into account. Sir John Strachey, the Finance Minister, who created the fund, took into account all possibilities of the ordinary revenue, and came to the conclusion that the Government could not provide out of that revenue this margin for famine expenditure, and therefore the Government of that time imposed extra taxation in order to have this margin. But now, when you have a large margin in your ordinary accounts, I do not see what is the special object of maintaining a separate account of this Famine Grant and then saying that famine expenditure is met out of this grant. My point is this: during the past 10 or 12 years, which the Hon'ble Member has taken, you have met the whole of your famine expenditure out of this Famine Grant, and you have had besides 23 millions or somewhere thereabout as the total of surpluses realized. If this Famine Grant had been abolished and the annual revenue reduced by its amount, even then you would have had large surpluses, the total being between 15 and 20 millions, instead of being between 20 and 25 millions. Well, Lord Lytton's Government never had such surpluses, and if they had thought that the ordinary revenues would provide such surpluses, they would never have created this Insurance Grant. I, therefore, venture to think there is not much force in the concluding portion of the Hon'ble Member's reply."

The resolution was put and rejected.

#### PROTECTIVE IRRIGATION.

The Hon'ble MR. GOKHALE: "I beg to move the next resolution which stands in my name. It is this:

'That this Council recommends that the allotment of seventy-five lakhs of rupees under Famine Relief and Insurance, which is proposed to be devoted to Reduction or Avoidance of Debt, be transferred to Protective Irrigation.'

"I move this resolution on the ground that any expenditure on some useful object is better in present circumstances than this eternal reduction of a small and vanishing debt. I would like to have these 75 lakhs, if possible, available for objects like education, sanitation and medical relief; but if that is not possible, I should prefer that the amount should be spent on protective irrigation works. The Irrigation Commission's Report shows that there is plenty of room for protective irrigation in the country. They contemplate in 20 years' time a total expenditure on works, which they call intermediate, and those which they call unproductive, of about 28 crores. There is thus plenty of room for expenditure on protective works, and rather than that this sum should go to the reduction of debt, I propose that it should be devoted to protective irrigation."



The Hon'ble SIR GUY FLEETWOOD WILSON : " I do not propose to answer the Hon'ble Member at any length. The proposal that the money should be transferred from Famine Relief and Insurance to Protective Works is a perfectly reasonable one from his standpoint. But I think one objection alone prevents my entertaining his proposal, and it is this: we have given the very large addition of 18 lakhs to protective works this year, and I think that this amount is probably as much as they can profitably spend. There is nothing so wasteful as pouring money into a service when it will not be able to grapple with it satisfactorily for the time being, and therefore I do not feel that I am able to accept the resolution of the Hon'ble Member."

The resolution was put and rejected.

### ACCOUNT AND AUDIT.

The Hon'ble MR. SUBBA RAO : " My resolution\* relates to the second entry under the head of General Administration relating to Offices of Account and Audit. In the current year's Budget the amount put down against this entry is Rs. 29,24,000 and the revised estimate is Rs. 29,62,000, and the Budget estimate for next year is Rs. 40,85,000. This is a large increase, which is explained in the Financial Statement, due to the amalgamation of the two offices of Account and Audit, i.e., the Civil Branch and the Public Works Branch. The entire charges of the two branches will be shown hereafter under one head. But I should like to enquire whether by the amalgamation of these two branches a saving is not possible. I submit that a good sum of money might be saved by these two branches having been amalgamated. You have now a Deputy Accountant General for the Civil Accounts and a Deputy Accountant General for the Public Works Accounts; similarly you have Assistant Accountants General, Examiners, etc., in each branch. There is a duplication of officers doing the same kind of work. When they are all brought together under one Department, I think it would be possible to have substantial savings effected by the amalgamation. That is one point which I wish to raise in connection with this entry.

" The second point I wish to raise is that the recent promotion which has been given to Honorary Examiners in the Public Works Branch they are now given the rank of Chief Accountants—has resulted in an increase in their pay. Formerly, they were drawing a monthly pay of Rs. 350 rising to Rs. 450. Now they draw from Rs. 450 to Rs. 750, in two grades. All being Chief Accountants, they do the work of officers. Already we have about 70 officers in that branch and nearly 12 Chief Accountants have been added to the list of officers. The question is whether the number of officers could not be reduced.

" Then there is a third point to which I should like to draw the attention of the Council. I have no doubt that the Hon'ble the Finance Member is enforcing economy by employing Indians more largely in his Department. I may say I have given some attention to the question of the public service. Of all the Departments under the Government, this Department under the Finance Minister, it appears to me, is most satisfactory. The conditions of recruitment for Indians and Europeans here are fair; there is more comradeship among the officers of this Department than in any other Department under Government. I am aware that the Hon'ble the Finance Minister is trying to enforce economy by a larger employment of Indians, and I shall be very pleased to be informed of the steps which the Hon'ble Member is taking in that direction. I may express my satisfaction all the same with the way in which this Department is kept up and the way in which Indians and Europeans are entertained. These are the remarks which I wish to offer on this resolution."

\* That this Council recommends to the Governor General in Council that the expenditure under the head of offices of Account and Audit be reduced by two lakhs.

The Hon'ble SIR GUY FLEETWOOD WILSON: "I will take first the point about the cadre which the Hon'ble Member has raised because it is a technical point and it will not interest the Council quite so much as it does him and me—the question of the Public Works Accountant cadre. I may say that the Hon'ble Member, with that courtesy which always characterises him when he is dealing with me and others, told me what his point was. It was a very technical point of internal economy, and I asked the Comptroller General to furnish me with a Memorandum, thinking that the Hon'ble Member would prefer to have first hand information on the subject. With your permission, Sir, and with the permission of the Council I should like to read the Memorandum of the Comptroller and Auditor General:

'One-third of the vacancies in the cadre of Public Works Accounts officers used to be filled by promotion of accountants. This proportion was cut down to  $\frac{1}{4}$ th as a maximum, and as a *quid pro quo* 13 chief accountantships were created, a corresponding reduction being made in the number of accountants.

'Chief accountants are gazetted officers, and the meaning of the Hon'ble Mr. Subba Rao may be that the number of officers has been increased without any increase in the work to be done by them. I would explain, however, in the first place that before the creation of these chief accountantships there was a system of giving the best accountants honorary gazetted rank, and as a matter of fact, of the 13 men selected for the new posts, 11 to my knowledge already held gazetted rank. There was no reason therefore why they should not have been employed on gazetted officers' work even before the change, which from this point of view may be described as mainly one of nomenclature, and nothing was said in the orders creating the new class of appointments about a change in the character of the work to be performed by the men appointed to them. Some such change it is true is likely to occur gradually as the result of the grant of substantive instead of honorary gazetted rank. But this change would necessarily be accompanied by a redistribution of the duties of supervision between the gazetted officers and the senior men in the subordinate ranks. If Mr. Subba Rao means that the gazetted staff have made use of the new appointments to relieve themselves at the expense of a subordinate establishment which with reduced numbers is still called upon to perform the same amount of work as before, I believe the fact is otherwise. The practice indeed has differed. As a matter of fact, in making postings we consider the number of senior accountants in an office and do not discriminate between chief accountants and accountants of the first or second grade.

'If Mr. Subba Rao wishes, I should gladly see him and endeavour to make the position clear to him if the Finance Minister approves of my doing so.'

"I need hardly say that I have not the slightest objection to the Hon'ble Member placing himself in communication with Mr. Gillan.

"I now take separately the point which my Hon'ble friend raised in regard to the economy which might be effected by centralising the work in the office and avoiding duplication which has taken place in the past.

"I think that to a great extent I am in agreement with him, but I must point out that the amalgamation has only just taken place,—it is indeed barely complete,—and that it is impossible to effect these improvements which he indicates and at the same time safeguard what I may call vested interests, at the inception of an amalgamation. I am sure he would not wish wholesale dismissals to occur.

"Time is required and time we have not yet had.

"I think my Hon'ble friend has also made a point that work which was previously done by an inferior, less paid, class is now being entrusted to a superior and better paid class. In regard to that I may tell him quite candidly that I think a good deal of the audit work in the past has not been as efficiently carried out as is desirable, and I think it will perhaps be necessary to use better material to produce better results. But I can assure the Hon'ble Member that his anxiety to run the Department as economically as is consistent with good work is entirely shared by those responsible for it.

"The question of the more extended use of indigenous agency in the public service—I congratulate my Hon'ble friend on that particular egg being at last hatched, and I am also very much obliged to him for giving me an opportunity to state what is being done in that respect in the Departments which I control—the question of the extended use of indigenous agency in the public service was dealt with at some length in this Council on the 25th January both by the Hon'ble Mr. Gokhale and by myself.



"On that occasion I remarked that, although my personal sympathies in regard to the larger employment of Indians in the public service of the Crown could not come under review in this Council, yet as Finance Member it was permissible for me to say that, from the economic standpoint, it seemed to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian.

"Other Members of Government will no doubt reply in regard to their own administrations, but I may now add to what I said on the 25th January that the policy of the Department of which I have the honour to be the head is in accord with my own feelings.

"The policy of the Finance Department, a policy steadily pursued and recently much developed, is a policy of increasing Indian recruitment.

"The Accounts Department is a large, important and growing service. In the Accounts Department we have done a great deal in the direction I have indicated, and we are gradually working to a half and half division between the two races of the superior and gazetted service.

"An Accountant Generalship is a prize appointment, and Indian members of the Accounts Department are equally eligible with Europeans. Several Indians have filled the position of Accountant General, either temporarily or permanently, and at the present moment an Indian, Mr. Wagle, is Accountant General of the United Provinces.

"In the Civil Accounts Department or old Enrolled List as at present constituted, the proportions are as follows :—

	Europeans and members of the domiciled community.	Indians.
Comptroller, India Treasuries, and other senior posts . . . . .	5	3
Ordinary posts . . . . .	29	21
Probationers . . . . .	5	2

"The proportion in the List of the officers of the other Accounts Departments, which have only recently come under me, is not so favourable ; but special recruitment for these Departments, which have only just become a portion of the Finance Department, has now ceased as the result of the amalgamation with the old Enrolled List. The proportion of Indians to Europeans will, therefore, as time goes on, become greater.

"But it is in our Secretariat and Headquarters establishment that our policy is especially noticeable.

"The Deputy Comptroller General is an Indian officer of eminence on whom the well-deserved honour of a C.I.E. was recently conferred.

"The very important appointment of Comptroller of India Treasuries is held by a Bengali.

"Notwithstanding the excellent European material available, it was to Mr. Dutta, an Indian, that the enquiry into the rise of prices was entrusted—an enquiry of consummate interest and of the first importance.

"Finally, in the Secretariat, that holiest of the holies, I have quite recently selected an Indian, a man of exceptional qualities, for the high post of Assistant Secretary to Government. I mean I submitted his name to His Excellency and it has been accepted. It is the first time, I think, that an Indian has held such an appointment.

"This is a record on which we have reason, I think, to congratulate ourselves ; and I have only to add that, since I have been in India, in every instance in which an Indian has been selected, the appointment has been made, often at the instance of, and invariably with the cordial acquiescence of, the Secretary to Government in the Finance Department, the Hon'ble Mr. Meston."

The Hon'ble MR. SUBBA RAO : " After what has fallen from the Hon'ble the Finance Minister, I beg to withdraw the resolution."

The resolution was withdrawn.

# REGISTRATION, GENERAL ADMINISTRATION, COURTS OF LAW, JAILS, POLICE, MEDICAL.

The Hon'ble MR. EARLE : " Sir, I do not propose to take up much of the time of the Council. The budget heads which I am called upon to introduce are Registration, General Administration, Courts of Law, Jails, Police, and Medical. Inasmuch as a very lucid account of the figures relating to these heads is given in the Memorandum explaining the details of the estimates, I do not propose to waste the time of the Council by making any detailed remarks.

" The Council will observe that under the head of General Administration—Imperial—provision has been made for a net expenditure of Rs. 93 lakhs by the Imperial Government in connection with the visit to India of His Majesty the King-Emperor and the Coronation Durbar at Delhi, and for an outlay of 2 lakhs on account of the latter ceremony by the Administrations of the North-West Frontier Province and Baluchistan. Increases are also observable in connection with the formation of the new Education Department with a new Member. The net cost of the new Department including the Member's pay is Rs. 1,42,000. On the other hand, the cost of the enlarged Legislative Council has been less than was anticipated; the budget for 1911-1912 showing Rs. 1.52 lakhs as against Rs. 2.01 lakhs budgeted for 1910-1911. Under the same head—Provincial—the Council will observe that provision is made for an expenditure of Rs. 14.88 lakhs for provincial camps and provincial guests in connection with the Coronation Durbar at Delhi. Provision has also been made for charges for the Executive Council in Bengal for a full year. These amount to Rs. 2 lakhs. As against the outlay of .71 lakh on the removal of the offices from Shillong to Dacca, savings are expected on hill allowances and contingent charges.

" Under the head of Law and Justice—Provincial—the Council will observe that the payment of fees to lawyers in connection with the prosecution of special crime accounts for increases in the revised budget for 1910-1911 of Rs. 7.31 lakhs in Bengal, and of something like Rs. 1½ lakhs in both Eastern Bengal and Assam and Bombay. Happily large decreases in respect of such expenditure are anticipated in the year 1911-1912, namely, Rs. 5.17 lakhs in Bengal and Rs. 1.11 lakhs in Bombay.

" Under the head of Police—Provincial—there will be a large increase of over Rs. 42.03 lakhs in connection with the furtherance of reforms, and in Eastern Bengal and Assam in particular Rs. 2.50 lakhs and Rs. 2.75 lakhs will be spent on schemes for the strengthening of the subordinate police and the organization of the river police, respectively, both of which are urgently required. The Council will observe that municipalities in Ajmer-Merwara, Baluchistan and the North-West Frontier Province and in the Punjab are being relieved of all police charges with effect from 1911-1912.

" Under the head of Medical—Provincial—the budget for 1911-1912 shows that special provision has been made in Bengal for the improvement of the prospects of Civil Assistant Surgeons and in the United Provinces and Eastern Bengal and Assam for the improvement of the prospects of Sub-Assistant Surgeons. In the United Provinces also a special provision of .44 lakh has been made for the Medical College, Lucknow, which will, if possible, be opened in October 1911. It will be remembered that His Majesty the King-Emperor laid the foundation-stone of this college on the occasion of his last visit to India. In Bengal provision has been made for a new Chair of Anatomy to be held by an Indian. I have no further remarks to make in regard to these heads."



## LIBRARY FOR COUNCIL CHAMBER.

The Hon'ble MR. SACHCHIDANANDA SINHA : " I rise, Sir, to move the resolution standing in my name : ' That this Council recommends that a library well equipped with official literature and works bearing on public affairs should be attached to the Council Chamber.' I may first of all explain, Sir, in view of some misapprehension on the part of the Maharaja Bahadur of Burdwan, that I do not necessarily mean by the Council Chamber this very room, but anywhere, in the Government Secretariat close to the Additional Members' room. Now, Sir, I shall say a few words in support of this resolution. Since yesterday there has been in this Council what examinees in this country call a ' massacre of the innocents ', and of all the resolutions submitted to the Council so far, not one has been accepted by the Government. I trust that this resolution of mine, which is a very simple and innocuous one, will find favour with my Hon'ble friend Mr. Earle. I put this resolution before this Council on the strength of an item in the Financial Statement that out of two lakhs and one thousand budgetted for the expenses of the Council in the current year, the revised figures show that only one lakh and thirty-six thousand has been spent and that there is a saving this year of Rs. 65,000. This saving cannot be more usefully employed than in furnishing us with a library well supplied with official literature and works on public affairs. Had I been light-minded, I might have asked, for instance, that this money might be spent on restoring to us the privilege of having the red-robed chaprasis, a privilege which was taken away from us last year by some cheese-paringly economical officials. I beg to assure the Council that some of us attach considerable value to the great privilege of being followed by a red-coated minion, especially with an open umbrella to protect us from the sun. Or I might have gone further and asked for free lunches to be supplied to Members of this Council, who now have to go outside for lunch. But being, as I flatter myself, quite a serious-minded Member, I have asked for a thing which will be useful to all my colleagues who may want to do their work properly in this Council. I am fortified in pressing my demand by the fact that *even* my esteemed friend the Malik Sahib has promised to give me his support, and this in itself speaks volumes in favour of my resolution. Speaking seriously, Sir, I think that all the non-official Members of this Council will bear with me when I say that we have felt that we have been at a very considerable disadvantage, in putting forward our case before our official colleagues, for want of a library. I think there is some library here called the Imperial Records, but I do not know where it is and I do not think it is quite easy to obtain access to the books there. The official Members of this Council, apart from the fact that they have great experience of the Departments under their control, have this advantage over us that they are in possession of all the records, papers and documents bearing on any particular question, and it is therefore so easy for them to checkmate us. I, therefore, plead for only a fair field and no favour, when I ask that we should be given facilities to an equal extent with our official colleagues. I do not wish to take up the time of the Council any more, and with these words I move the resolution."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " Sir, I heartily support my Hon'ble friend, because a well equipped library is a good thing and would be of use to all of us. And I hope that before anybody else gets up to speak on the subject, Government will accept this resolution."

The Hon'ble MR. EARLE : " Sir, when I first saw this resolution, I thought that it referred to the institution of a library attached to this Council Chamber. As regards that matter, I am authorised to say that there is no room in Government House for the purpose. The Government of India, however, have under consideration the question of constructing a separate Council Chamber which would be worthy of the Imperial Council. That proposal will, I hope, be developed in the course of the year, and, if it comes to fruition, the Hon'ble Member's suggestion for having a well-equipped library will receive the fullest

consideration, such as it certainly deserves. For the present, the Additional Members have a room in the Secretariat; but the Hon'ble Mr. Sinha has made no reference to that room. Perhaps he thinks it entirely unworthy. Perhaps it is so, but while we are making preparations for the future library, to which I have referred, we shall be very glad of suggestions for improving the existing library attached to the Members' room. I think that what I have said will meet the wishes of the Hon'ble Member. We are quite willing to improve the existing room, and we shall, as soon as possible, provide a really satisfactory library attached to the new Council Chamber."

The Hon'ble MR. SACHCHIDANANDA SINHA: Sir, in view of what has fallen from Mr. Earle, I shall certainly withdraw my resolution and not press it to a division. I should just like to say one word as to the charge brought against me. I certainly think I was guilty of not thanking the Law Member for placing another room at our disposal. Last year we had a room, Sir, in the third storey of the garret in the Imperial buildings, and some of us who have not a light figure had great difficulty in going up there. I am grateful to the Law Member for having brought us down to his own level this year."

The Hon'ble SIR GUY FLEETWOOD WILSON: "I did."

The Hon'ble MR. SACHCHIDANANDA SINHA: "You did? I withdraw my expression of gratefulness to the Law Member and transfer it to the Finance Member. We have got a room, with a small collection of books, but it is not a library such as the one for which I am pleading. I thank if that room be improved in the meantime until we can have a grand and suitable library, it will suit our purpose equally well. I therefore withdraw my resolution."

The resolution was withdrawn.

#### POLICE (NORTH-WEST FRONTIER PROVINCE).

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, in regard to the resolution\* which stands in my name, I shall beg leave of you to withdraw it; but I shall state my reasons for withdrawing it. I frankly state that my object in bringing this resolution was to draw pointed attention to the state of affairs in the North-West Frontier Province which, in my opinion, requires the vigilant care of the Government of India. The province has no Council of its own in which the matter can be brought forward. In view of the rules, I do not think I can give them such a satisfactory turn as to bring it under discussion in Council to-day, and therefore I do not want to go against the rulings on that point. I shall move the resolution as a general resolution hereafter and so withdraw it."

The resolution was withdrawn.

#### IRRIGATION, LAND-REVENUE, ETC.

The Hon'ble MR. CARLYLE: "With regard to Irrigation all I want to say is that I have got from the Finance Department every penny I asked for, and I have asked for every penny that I thought could possibly be spent on the work that has really been sanctioned.

"So far as Land-revenue, Provincial Rates and Famine Relief are concerned, I do not think I need add anything to what appears in the second part of the Financial Statement.

"As regards the Forest-revenue, the high-water mark, so far as revenue was concerned, was reached in 1905-1906, and since then there was a fall mainly due to the introduction of a change in the system of working forests in Burma, departmental work being very much curtailed. Since then, however, there are signs of Forest-revenue increasing again and a normal annual increase may soon be expected. But I hope, however, that we are on the eve of something more than a normal increase. Very promising experiments have been made in connection with the preparation of wood pulp for the manufacture of paper, and if these experiments are as successful as we have some

\* That this Council recommends that the expenditure on Police in the North-West Frontier Province be reduced by Rs. 10,000.

reason to expect, the greatest step in advance will be made in the history of the Forest Department in this country since it first started.

"As regards Agriculture, I will only say one word, and that is that I would ask all Members of this Council to read at all events the introductory portion of the Report on the Progress of Agriculture in India for 1909-1910. It will show the very important and practical researches that are going on both at Pusa and in the provinces."

#### SCIENTIFIC DEPARTMENTS.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure on Scientific and other Minor Departments be reduced by Rs. 50,000.

"Sir, this large head of Scientific and Minor Departments contains a number of smaller sub-heads, and while I move this resolution in the general terms put down here, I may state at the outset that as regards the work of many of the sub-heads, I have nothing but appreciation and I have no question to raise. I want to draw attention to the growth of charges and certain other circumstances connected with two of the sub-heads—the Survey of India and the Geological Survey. I find, Sir, that the expenditure on the Survey of India has been rising very rapidly. It was checked when the finances encountered those difficulties which resulted in a deficit; but then they are going up again. I find, taking the figures for the last 5 or 6 years, that the charges for the Survey of India, which were about 17·8 lakhs in 1905-1906, rose in four years, that is, in 1909-1910, to 28·6 lakhs. It was an increase of nearly 11 lakhs or about 60 per cent. in four years. Then there was a fall, a fall due, I believe, to the deficit and the brake put on by the Finance Department in consequence. But that was only temporary, and with easier finances the tendency for the charges to go up again has reappeared. The charges, which, in 1909-1910, were 28·58 lakhs, have fallen during the current year to 28·16 lakhs, which is the revised estimate figure; but in the next year's budget provision has again been made for 28·86 lakhs. This is a higher figure than the highest ever reached by the charges at any time during the last 10 years. I want these charges to be kept down, and that is one of the reasons why I moved this resolution.

"Then about the Geological Department. Here also the charges have been growing. They grew rapidly for three years from 1905-1906 onwards, and then there was a fall, and now again there is a tendency for the charges to rise. In 1905-1906, the charges were 2½ lakhs. In three years they rose, that is, in 1908-1909, to 3·7 lakhs—an increase of over a lakh or 48 per cent. in 3 years. Then the financial difficulties brought about a fall and the fall was satisfactory. It was from Rs. 3,64,000 to Rs. 3,12,000. This year the revised estimate is 3·17 lakhs. All this shows that when there are financial difficulties, this Department can reduce its charges. In next year's budget, however, the figure again rises to 3·49 lakhs, and no satisfactory explanation is forthcoming about the necessity of this increase. I therefore move the reduction mentioned in the resolution.

"Then, Sir, I find that in the Survey of India there are 57 appointments with salaries between Rs. 500 a month and Rs. 3,000 a month, and there is not a single Indian among them. In the Geological Survey and Museum there are 21 appointments with salaries between Rs. 500 and Rs. 2,000 rupees a month, out of which only two are held by Indians. And I would like to ask the Member in charge of the Department if he cannot, in the course of next year, in filling up any vacancies that may arise, find room for some Indians, so that, even if he is not able to effect a saving in salaries, he might save at least something in exchange compensation allowance."

The Hon'ble MR. MADGE: Sir, I should just like to make a few remarks and to say that I cannot approve of this resolution; and as regards the Survey Department I merely wish to say that it is generally understood in public—and I say so because I have received some private information about it—that, in consequence of the reorganisation of the Department, the Government is at present engaged in trying to so readjust matters as to remove all the



real grievances of the Department; and, if that is the case, I do not see how it can be done without a considerable improvement in the salaries. The Government resolution that was published on the subject showed that the grievances of the Department had solid grounds, and it is in trying to remove these grievances that the charges must be raised. At least that is how I understand the matter.

"But as regards the other heads, the Geological Survey, the Inspector of Mines, the Meteorological Survey, and the Forest and Agricultural Institutes, every one of these Departments is concerned in making investigations into those matters on which the industrial development of the country largely depends. I think it is a proof of the great improvement of recent years that the Government is now directing its attention to such questions and to such problems with a view to give not only the Government itself but all the future education in this country a practical turn.

"The mineral wealth of this country which is still undeveloped is supposed to be enormous, and I do not see how Government can tap these resources unless these small beginnings are largely increased. So far therefore from hoping that there will be a reduction in these charges, I hope they will gradually increase until the development of the resources of this country is complete."

The Hon'ble MR. CARLYLE: "As regards the Survey Department I had not the least idea that the Hon'ble Member had it in mind in moving his resolution. If he had given me notice I would have looked the matter up and tried to give him more information than it is possible for me to give him. All I can say is that the increase in the expenditure in the Survey Department is mainly the result of the recommendations of a Committee which, as must be well known to the Hon'ble Member, was formed some years ago. It recommended a topographical survey of the whole of India in 25 years. In consequence of the proposal to complete the re-survey of India in 25 years, it has been necessary to enlarge the Department and spend larger sums of money than previously. There is nothing in the budget this year beyond carrying out the scheme prepared by the Committee.

"As regards the Provincial Services a distinct step in advance has been made in regard to the employment of Indians. It is now laid down that a certain proportion of Indians must be employed. In the higher service men have mainly been recruited from the army, and that must continue to be the case. The re-organisation of the Provincial Service proposed by the Committee has caused some dissatisfaction, and a Departmental Committee was appointed last year to report. This report has been prepared and will shortly be dealt with by the Government of India."

The Hon'ble MR. ROBERTSON: "I wish, Sir, to say one or two words about the Geological Survey which the Hon'ble Member has mentioned in his remarks. Before I do so I should like to express my concurrence with what Mr. Carlyle has said about not knowing beforehand something of the line that the Hon'ble Member was going to take. I certainly should not have thought that the Hon'ble Member was going to single out the Geological Survey for criticism. I think he mentioned the year 1905-06 as the first year for the purpose of the comparison he has made as to the growth of expenditure. I may tell him that after that date the Geological Survey was revised and expanded, and it wanted revision and expansion at that time. Until quite recently Sir Thomas Holland was at the head of the Survey, and I certainly think that under Sir Thomas Holland's supervision, and as the result of his guidance, the Government have got good value for the money spent and which they are spending on the Survey.

"With reference to the question of the employment of Indians, all I need say is that that also was a matter which Sir Thomas Holland did not overlook; and if there are no more Indians employed than the two which there are at present, I fancy the explanation must be that Sir Thomas Holland was not satisfied with the qualifications of the men who came forward. But I think the Hon'ble Member may take it from me that, if suitable men had come forward, Sir Thomas Holland was not the man to set aside their claims."

The Hon'ble MR. GOKHALE : " Sir, I think much of what the Hon'ble Mr. Madge has said was beside the point, so far as the discussion raised by me is concerned. I specifically stated at the outset that I did not want to refer to other Departments than the Survey of India and the Geological Survey ; in fact, I expressly stated I had nothing but appreciation for the work of the other Departments and wanted to raise no question about them. And my point in connection with both these Departments was this. For some reason or other, the charges went up to a certain year, and then, for a year or two, in each case, the charges went down, owing to financial pressure evidently. But the charges are going up again and there is no explanation forthcoming. I wanted to impress on the Council that if charges can be kept down owing to financial difficulties, they are capable of being kept down. And as the financial difficulties are not yet over it is necessary that the charges should not be allowed to go up again.

" As regards what the Hon'ble Mr. Robertson has said, that is only carrying the unsatisfactory state of the matter one step further. If there are no suitable Indians available owing to the lack of facilities for proper training, the Government have to see to it that such facilities are provided, and Indians with the necessary qualifications are available; surely that is a duty resting upon the Government. However, I do not want to press this resolution."

The resolution was withdrawn.

#### SALT, EXCISE, etc.

The Hon'ble MR. ROBERTSON : " I rise, Sir, to introduce the heads of Salt, Excise, Customs, the Post Office, Telegraphs and Stationery and Printing. I shall ask you to permit the Hon'ble Mr. Stewart-Wilson to introduce the head Post Office and the Hon'ble Mr. Dempster the head Telegraphs.

" With regard to Salt, I have nothing to add to the remarks made by the Hon'ble Finance Member in introducing the Budget. And in the case of Excise, the revised arrangements, by which in two Provinces this head has become entirely Provincial and in three others the Provincial share has been raised to three-fourths, make it unnecessary to discuss the subject in detail in this Council. Under Customs we are concerned only with the expenditure side. The estimate for next year is more than a lakh in excess of the revised estimate of the year now current. This is due to the necessity there is of keeping our establishments up to the demands of expanding trade ; about half the increase, I may mention, in expenditure is due to a revision of the Custom-house establishment at the thriving port of Karachi.

" Last year, when dealing with the expenditure on Stationery and Printing, I referred to certain measures which were then being taken with a view to the exercise of greater economy under this head. The result has been, as Hon'ble Members will observe, a satisfactory saving of nearly four lakhs of rupees in the Stationery and Printing charges under ' Imperial ', and a further reduction in expenditure is foreshadowed for the coming year. I should perhaps like to refer very briefly to two matters in this connection. In May last a Committee of Departmental officers, under the presidency of the Controller of Printing and Stationery, took up the question of reducing the number and variety of the office forms in use in the Secretariat Offices of the Government of India, and in revising in the direction of economy the qualities of the papers used in the offices. Very substantial reductions in cost were brought about as the result of the Committee's recommendations, and similar work was carried out in the Post Office and in the Telegraph Department. I may add that these economies were brought about without causing undue inconvenience in the Government offices. It is true that we have had one or two complaints about the quality of the articles supplied. One complaint came from the head of an office in Calcutta, who sent us a specimen of a very useful article which finds a place on every office table. It is intended for drying ink. He asked us to examine this particular specimen which he sent up, as he said he did not himself believe in

its ink absorbent qualities: blotting paper it could certainly be called, if by blotting was meant the making of blots. I am afraid, however, we were unable to agree with him, as the blotting paper was of quite a fair quality.

"Another change from which we anticipate good results is the introduction of a system of allotments for Stationery expenditure which is about to be introduced from the coming year in practically all the provinces of India. The responsibility for passing the demands of their subordinate offices, which has hitherto rested upon the heads of Departments, both Imperial and Provincial, has lacked that definite and financial check that in the last resort is likely to be the most effective; and we are now trying a system by which these controlling officers will have the distribution of a fixed sum—in most cases below the average for some years past—among their own and their subordinate offices. Out of that fixed sum the expenditure on Stationery will have to be met."

The Hon'ble MR. STEWART-WILSON: "Sir, I beg to introduce the consideration of the Post Office heads. For the year 1908-09 the Accounts under these heads showed a deficit of £71,133 and for the year 1909-10 a further deficit of £353. Thus, during the last two years taken together the Department was shown as imposing a burden on the general revenues of the country to the extent of about £71,500 instead of making its usual contribution to them. This deficit was partly the initial cost to India of the sweeping reductions made in its postal rates, and partly the result of abnormally bad seasons. It is refreshing to be able to say that for 1910-11, the first year since the reduction took place during which the conditions of trade have been normal, there will be a surplus of at least £50,000, and that for the coming years we confidently hope for a surplus of substantially more than twice that sum. With this bright, but not too sanguine, prospect before us, this Council will, I hope, agree that the reductions in postage rates have been fully justified and that they have not been bought too dearly."

#### TELEGRAPHS.

The Hon'ble MR. DEMPSTER: "I beg to introduce the consideration of heads XIV Telegraphs and XVI Telegraphs, and to make a few explanatory remarks.

"The improvement in trade has led to an increase in the use made of telegraph wires, and though the message revenue we expect in 1911-12 has not reached the figure which was put down for 1907-08, that is due to the decrease in the State revenue which I mentioned last year. For the coming year we have only estimated for an increase of half a lakh in our State revenue. Therefore, the increase in the revenue which we estimate is a real revenue. The accounts of the Department are not so simple, as they might appear at first sight, because the Department undertakes a dual function. It carries on the telegraphic requirements of the country and in addition it supplies lines and wires for railways and canals. Now the rates which we charge railways and canals are calculated to give us a profit, but the tariff for messages is not calculated on the same basis.

"I think the Council will agree that the expenditure under Capital in compliance with the demands of Railways and Canals cannot be questioned, and it will be observed that our revenue from these heads has risen from about 31 lakhs in 1907-08 to over 33½ lakhs in 1910-11, and we are budgetting for a further increase in 1911-12. This gives us an increase in wire and line mileage and it involves an increase in the cost of maintaining these, i.e., in the revenue expenditure; but those figures are included in the revenue which we get for those particular lines.

"There has also been a considerable increase under Capital expenditure on the lines from which we obtain message revenue. The greater portion of this is due to the expansion of the combined office system. We have opened 324 combined offices between the years 1907-08 and 1910-11, including about 103 this year, and this expansion will periodically involve the erection of extra wires to carry the new traffic.



"The revenue expenditure in the Budget for 1911-12 is about 17 lakhs more than it was in 1907-08. The first point to which I would like to invite attention is that before a useful comparison between the figures can be made allowance must be made for the allocation of general charges. The same establishment deals with both Capital and Revenue expenditure and it is allocated out between the two heads according to the amount which is spent under Capital and Revenue. Therefore, if there happens to be a decrease in Capital expenditure, Revenue is debited to the corresponding and greater amount of the general charges. These in 1907-08 amounted to Rs. 3,43,000, and in the present year it comes up to about Rs. 72,000 increase. While there has been a steady growth of Revenue expenditure, still the way to see whether that has been excessive or not is to take the expenditure per unit. Taking the expenditure on lines, the expenditure per mile of wire during the past three years has been Rs. 10.9, Rs. 10.5 and Rs. 10.33—a steady decrease. The lines, moreover, are maintained in good order, as our interruption records show. We have for our entire system 1.1 interruptions per 100 kilometres of wire, and the nearest approach to that of any administration is Russia with 1.7: the others are much higher.

"With regard to Revenue expenditure in offices there has also been a natural expansion with the expansion of the combined office system.

"Turning to my own Department, the cost of handling a message, that is, of signalling operations, is declining. In 1905-06 it was 106 of a rupee, and that fell to 102 of a rupee in 1907-08; then, owing to the re-organisation, it rose to 116 of a rupee and last year it fell to 110 of a rupee. Then recruiting has been stopped for practically two years, and that means that we have got about 200 less men on the establishment than we would otherwise have had. That is a saving of about  $2\frac{1}{2}$  lakhs.

"With these remarks I beg to introduce these heads."

The Hon'ble MR. MADGE: "Sir, I have not asked leave to propose any resolution on the subject of the Post Office, partly because the Revenue and Expenditure for the present year is practically stereotyped, and also because some figures—"

THE PRESIDENT: "The Hon'ble Member is supposed to move a resolution. He is not in order."

The Hon'ble MR. GOKHALE: "I rise to a point of order. Is not the procedure to be this, that the Members who are in charge of these different Departments should make their statements first, and the resolutions of which notice has been given should be next moved?"

THE PRESIDENT: "Yes."

#### RAILWAYS.

The Hon'ble SIR T. R. WYNNE: "SIR, I do not propose taking up the time of Council by discussing in minute details the figures given in the Financial Statement dealing with the construction and working of the railways of India for 1909-10. The year is an extremely interesting one from the Railway point of view, inasmuch as it affords ample justification of the policy adopted during the last five years of bringing the lines of India up to a better standard and enlarging their capacity—a policy which has been much criticised.

"Without going into minute detail I propose therefore to deal only with two important points brought out by the figures, the second of which will incidentally substantiate the soundness of the policy I have just referred to.

"The first is that a considerable amount of the capital grant for 1909-10 has not been spent, and the second is that Railway Revenue has resumed its former position as a very valuable contributor to the Imperial Revenues.

"Now, there has been for some years past a strong feeling that the amount of money which was provided annually for capital expenditure on Railways in India was insufficient, and it has been strongly urged that this amount should be increased.

"The report of the Mackay Committee was the latest pronouncement on this question, and it recommended that the programme figures should be annually not less than 18½ crores.

"It has not been found possible owing to money market and other considerations to work up to this figure, and the capital provided for expenditure on Railways has been for the last four years as follows :—

1907-08 . . . . .	1,500 lakhs,
1908-09 . . . . .	1,500 "
1909-10 . . . . .	1,500 "
1910-11 . . . . .	1,630 "

and for 1911-12 the amount provided is 14½ crores.

"With such a strong demand that more capital should be provided annually for expenditure on Indian Railways than has hitherto been made available, this Council is, I think, entitled to an explanation as to why it is that the sum actually provided for 1910-11 has not been spent.

"The actual figure of lapse is 381 lakhs.

"To explain this I must refer to the policy Railways have been working to for the last five years, the main feature of this policy being the improvement of their lines up to a standard both of rolling stock facilities and works so as to enable them to deal with the development of trade which had expanded beyond the capacity of the Railways to deal with in a satisfactory manner.

"This policy has been steadily adhered to, and to carry it out a very large proportion of the capital funds available has been devoted yearly to open line works and rolling stock.

"At the time this policy was adopted, there was no difficulty in deciding what works were required, and in ordering rolling stock there was a big gap to fill up.

"Consequently large sums were readily absorbed by open line works, and the following was the actual expenditure under this head for the following years :—

	R
1906-07 . . . . .	892 lakhs,
1907-08 . . . . .	1,100 "
1908-09 . . . . .	1,280 "
1909-10 . . . . .	980 "

but in 1910-11 the expenditure was only 858 lakhs as compared with a provision of 1,182 lakhs, a difference of 324 lakhs, and it is under this head that the lapse has mainly occurred.

"In the remarks I made last year on open line expenditure, I said that I thought this class of expenditure would tend to diminish appreciably at no distant date, and that it would be possible to devote more money to the construction of new lines in the future.

"My prophecy seems to have come about sooner than I anticipated, and I think the large sums that have been spent during the last five years on open lines have provided the additional stock and facilities most urgently required, and that now the time has come when the immediate necessity for a work is not so obvious and Boards of Directors and Railway Administrations require more time to carefully weigh each proposal and be thoroughly well convinced of its necessity before they will agree to sanction it and send it up to the Railway Board. The completion of works the necessity for which was obvious and could be put in hand at once, and the purchase of rolling stock as far as money was available, have, therefore, now steadied the heavy demand for open line expenditure which has existed during the past five years; and to this reason I attribute the failure to spend the grant available for 1910-11.

"At the same time I wish to make it quite clear that Railway Administrations have no intention of allowing Railways to fall behind in their transporting

power and so reproduce the position which necessitated so much being spent on bringing them up to date, and ample provision has been made for open lines during 1911-12.

"The logical deduction from this new development is that more money can be devoted in the future to the construction of new lines. This movement has already begun. For the year 1910-11 only 60 lakhs were provided for new lines. For 1911-12 the sum of 114 lakhs is provided.

"Turning now to the other matter, *viz.*, the resumption of Railway Revenue as a very valuable contributor to the Imperial Revenue, it may be interesting to refer to the past history of this subject.

"Up to the year 1900 Railways were a burden on the Indian Exchequer, inasmuch as their net earnings were not sufficient to meet interest and other charges they were liable to bear. Although as a purely Accounts matter of direct profit and loss they shewed a deficit as regards the full interest payable upon the capital raised, yet their enormous collateral advantages towards the improvement of land and other revenue must not be lost sight of, and there can be no question that without the Railways India would not be in the position she stands to-day.

"Since 1900 Railway Revenue has steadily produced a surplus—

		£				
In the year 1899-00	it was	.	.	.	.	77,000
1900-01	"	.	.	.	.	325,000
1901-02	"	.	.	.	.	817,000
1902-03	"	.	.	.	.	229,000
1903-04	"	.	.	.	.	860,700
1904-05	"	.	.	.	.	2,105,500
1905-06	"	.	.	.	.	2,007,900
1906-07	"	.	.	.	.	2,307,700
1907-08	"	.	.	.	.	1,572,500
1908-09	"	.	.	.	.	—1,242,000
1909-10	"	.	.	.	.	825,000
1910-11	"	.	.	.	.	1,954,400
Estimated 1911-12	"	.	.	.	.	1,849,800

"These figures are very striking. They show a steady increase up to the year 1906-07, when the maximum of £2,300,000 was reached. In the following year the surplus diminishes and one year a deficit reappears, the lowest figure of surplus being in 1909-10, *viz.*, £824,000.

"The Railway Board was formed in 1905, and for the first two years of its existence the surpluses were 2 millions and £2,300,000, the maximum reached. It was then realized how far behindhand Indian Railways were in being able to meet trade demands, and the reduction in surplus during the following years was due to the general policy adopted by all Railways of improving their lines. This accounts both for the drop in surplus receipts and for the increase of working expenses. I explained last year, and will again touch on the matter, that working expenses have to bear a share of improvements and alterations as well as renewals. A Railway may have to spend more on working expenses without adding a single man to its establishment and staff while at the same time practising every economy in operating expenses.

"The results of working for the year 1910-11 indicate that the rise in working expenses mainly due to the improvements that had to be carried out is now beginning to bear fruit.

"Owing to the better traffic facilities provided, to increase in rolling stock and the general improvement made in their capacity, the Railways in India have been able to deal in 1910-11 with the largest traffic ever carried. As compared with the year 1904-05, when a surplus of two millions was earned,



gross receipts for the year 1909-10 have increased by 33 per cent., and I have no hesitation in saying that this result could not have been achieved if the Railways of India had been left in the same backward condition as they were in the year 1904-05.

"From the remarks I have been making I feel justified in drawing two very important conclusions.

"In the first place, I think we are on the eve of a very considerable increase in the mileage of new lines to be constructed annually.

"In the second place, if rains are propitious and crops good, I see every hope of Railways maintaining their present figure of surplus contributions to the Imperial Revenue and perhaps increasing it; but I wish to make it quite clear that if rains fail or trade is dull, that the cost of working the lines cannot be reduced in proportion to the reduction that will ensue of gross earnings. Some reductions can be made, but not in proportion. It would take too long to prove this statement to Council; but if any gentleman is sufficiently interested in the matter I shall be very glad to explain it to him personally. This concludes all I have to say.

"If there are any other points on which any Member may wish to ask any question, I shall be glad to reply to him."

#### SALT.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure under Salt be reduced by Rs. 50,000. Here again I have not got much to say. I find that the establishment charges in 1907-08 were 45 lakhs. Then, evidently, under the difficulties of the Finance Department, they dropped to 40 lakhs in 1908-09. In 1909-10 they dropped still further to 39.6 lakhs. But with an improvement in the financial condition, they are again rising and the figure for the current year is 43.7 lakhs—I mean, the revised estimates. Now, Sir, I do not understand why these charges should be allowed to rise by about four lakhs in one year, and that is why I propose this reduction.

"Then I find that there are 30 officers in this Department in all India, excluding Madras Presidency, on salaries ranging from Rs. 500 to Rs. 3,000 a month, and only three of them are Indians. In Madras the same officers evidently perform duties in connexion with Salt, Abkari and Separate Revenue, and I find that, while there are 21 such officers in that Presidency, only one of them is an Indian. My suggestion is the same as about other Departments, and my financial reason, exchange compensation allowance."

The Hon'ble MR. ROBERTSON: "I have very little to say about the resolution which the Hon'ble Member has moved. I would point out that though the entry in the budget statement refers to establishment charges, I think, if he looks at the explanation which is appended to the statement, he will find that it includes other charges as well—working charges, contingent charges, etc."

The Hon'ble MR. GOKHALE: "I have confined myself solely to establishment charges and I have left out all the other charges."

The Hon'ble MR. ROBERTSON: "Although the charges are shown as establishment charges, I think that, if the Hon'ble Member will read the note to the Statement he will find that the establishment charges are a misnomer. There are other important items included under the head, the figures for which vary from year to year. As a matter of fact, I can practically meet the Hon'ble Member's resolution straight away, because there is at present a proposal which is under the consideration of Government to reduce the establishment charges in the Northern India Salt Revenue Department by something like Rs. 35,000, and that is some distance towards meeting the half lakh reduction for which he has moved. That matter is now under consideration and orders will be passed in a very short time.

"With regard to the employment of Indians, I am afraid that I cannot give the Hon'ble Member very much information, except as regards the Northern India Salt Revenue Department, which is directly under the Government of India. The superior officers in this Department are admittedly nearly all Europeans or Eurasians, and for this there is a reason. It has been found as a matter of fact that natives of India do not care for service at the salt sources in Rajputana and elsewhere. If the Hon'ble Member has doubts on the subject, I should like to read to him a short extract from a report which I happen to have here. In 1897, Mr. Patterson, who was Commissioner of Northern India Salt-revenue, wrote as follows:—

'In my opinion the Department should continue to be mainly officered by Europeans. The officers are either stationed in places like Sambhar, Khewra and Pachbadra, in small colonies composed entirely of Salt-officers; or they are in remote and isolated posts on the Salt Range or elsewhere. Or they are for eight months in the year marching about in the North-Western Provinces and Behar to supervise the saltpetre manufacture. As a rule, the highly educated class of Native gentlemen is not well adapted for any of these places; they are not happy in a small European colony, and a life of solitude or of continuous touring for eight months in the year is still more distasteful to them.'

"Only two years ago Sir Richard Dane—and I think that Members of this Council who knew Sir Richard Dane will acknowledge that a more just and sympathetic officer has never served in India—examined this question, and he also recognised the difficulty of getting Indians of a desirable type to take service in this Department. The matter was fully considered by Sir Richard Dane, but he was unable to make further suggestions. I think I have said enough to show that the matter has been sympathetically considered, but with the results which I have mentioned."

The Hon'ble MR. GOKHALE: "I would like to make one or two observations about the concluding portion of the Hon'ble Member's remarks. I cannot possibly accept his statement that Indians cannot be found for this sort of work. I am quite sure that if efforts are made and reasonable facilities afforded to Indians, Indians will be found competent and willing to undertake these duties. I do not think that the opinions of individual officers should be accepted as conclusive on a question of this kind."

The resolution was put and rejected.

#### CUSTOMS.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure under Customs be reduced by Rs. 50,000. Here, too, I find a steady rise in the establishment charges. I have taken the figures for the last six years. I find that in 1905-06, these charges stood at 27·8 lakhs. They have risen to 36 lakhs in the current year, and for the next budget year, provision is made for 37·2 lakhs. This means an increase of 10 lakhs in six years, or, in other words, of 36 per cent., i.e., an increase of over six per cent. per year. The other day, in moving my resolution on the growth of public expenditure, I pointed out that it was necessary to keep the growth of charges within the limits of the growth of revenue. Of course, if we only take Customs-revenue, possibly we shall find a larger margin for expenditure. But I submit that in all such cases the Government should take into consideration the growth of the total revenue only, and as that growth, taking good and bad years alike, is not more than one and half per cent., and even taking good years alone, it is not more than two or two and a half per cent., this increase in charges of more than six per cent. per annum is open to serious objection. I have therefore thought it necessary to draw the attention of the Council to the matter.

"Then, Sir, there are 21 officers in this Department, with salaries ranging between Rs. 450 and Rs. 2,500 a month, of which only two are Indians. There are three probationers, but there is no Indian among them. I submit this is very unsatisfactory."

The Hon'ble MR. ROBERTSON: "I have got very little to say about the resolution which the Hon'ble Member has moved. When I introduced this head in the last year's Budget debate I pointed out that the question of overhauling the Customs establishments at the different ports had for some time been receiving a good deal of attention. The increase in the establishment charges in the past few years is chiefly due to the creation of a new Imperial Customs Service which has added considerably to the cost of the Customs administration. With the introduction of the new Imperial Service, very considerable overhauling of the whole of the subordinate establishments was found to be necessary as I have just mentioned. The strengthening of the Customs staff at Karachi, for instance, is now in hand and will cost half a lakh of rupees. The rise in expenditure on these establishments is partly due to the expansion of our sea-borne trade and partly to the necessity for paying the subordinate staff more than they were paid before. They live in expensive places like Calcutta, Bombay and Rangoon, and the cost of living in these places, as everybody knows, has grown enormously. This, and the fact that expansion of trade means expansion of expenses, practically explains why the cost of these establishments has increased.

"Then, with regard to the remarks of the Hon'ble Member about the admission of Indians to the Imperial Customs Service,—he has mentioned that only two officers on the list of the Imperial Customs Service are Indians,—all I need say is that among the last three admissions to that list it so happens that there are two Indians. This is sufficient to show that the Government of India have not lost sight of the point he mentions."

The Hon'ble MR. GOKHALE: "Sir, I would like to make only one remark, and it is this: of course the cost of living is going up; and there may be a hundred other reasons for increasing these establishment charges; but, surely, there must be some relation between the growth of the charges and the growth of revenue. By revenue, I mean, as I have already said, the total revenue of the country. This increase of charges, at any rate of 6 per cent. annually, is much too high."

The resolution was put and rejected.

#### POST OFFICE.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure under Post Office should be reduced by Rs. 50,000. I find here that, in 1907-1908, the establishment charges were 1.72 crores. In 1910-1911, that is, the current year, the charges in the revised estimates appear at 1.98 crores, a rise of about 26 lakhs or fifteen per cent. in three years. This is the same story as in other Departments, a rise of five per cent. per annum, a much higher rise than the general finances of the country can afford. I find on the other hand that the growth of Post Office revenue has been less than this, but I think that has just been explained by the Hon'ble Mr. Stewart-Wilson, and so I do not want to say anything more about it. Then, Sir, I find that there are 41 appointments in this Department, with salaries between Rs. 500 and Rs. 3,500 a month. And of these, only four are at present held by Indians; and, as in other Departments, they are only on the lower rungs of the ladder."

The Hon'ble MR. STEWART-WILSON: "I take up the question of expenditure first. The increase of expenditure in Post Office has been almost entirely due to the great increase in our work done. Since the year 1905-06 our work has increased by about 30 per cent., while the rate of increase in our expenditure has not even approximated to that figure. There has also been another reason, as in the case of the Customs Department. It has been necessary to improve the pay of our men. For many years the Post Office had a very unenviable name among the Government services in this respect, and the pay had become much too low for the work expected from our men. I have noted some figures here which I will read to the Council. In 1905-06 the pay of 264 sub-postmasters, 459 branch postmasters and 360 postmen were increased, all of these being practically natives of India. During the next four years, which are the



latest years for which figures are available, we were able to raise the pay of 2,003 sub-postmasters, 2,574 branch postmasters and 9,228 postmen, practically all natives of India, exclusive entirely of the numerous officials whose pay was raised owing to the abolition of the commission which used to be paid on the sale of stamps. The result of this has been that we are getting better work from our men than we did, that our men are much more satisfied than they were, and that we are able to recruit a better class of men than formerly. I do not think that the Hon'ble Mr. Gokhale will disagree with me that these are results that are highly desirable.

"As to the admission in larger numbers of Indians to the higher ranks in the Department, the Post Office, of all the Departments of the Government of India, is run almost exclusively by Indians. We all have, of course, had cause to make complaint at some time or other about the Post Office; but still I think that the Council will readily admit that the work done by the Post Office is on the whole good and that it is extremely creditable to the agency by which it is almost entirely run, that is to say, the natives of India. I take a very keen personal pride in being head of a Department manned as the Post Office is.

"With reference to the special complaint made by the Hon'ble Mr. Gokhale that the number of Indians in the highest-paid ranks is too small, perhaps some figures will help to explain how this has come about. In 1891 we had 140 men in the higher administrative ranks, *i.e.*, from Superintendents upwards to Postmasters-General. Out of these, including five Indian Civilians, we had 28 non-domiciled Europeans, being 20 per cent. of the total; and 37 Indians, making 26 per cent. of the total. On the 1st January 1911, we had 214 men in the higher administrative ranks. Out of these we had, including 7 Indian Civilians, only 24 non-domiciled Europeans against 28 twenty years before, being a percentage of only 11 against 20; while we had 109 Indians as against 37 in 1891, being a percentage of 51 against 28. The Hon'ble Member and I may both hope that, as the largely increased numbers of Indians reach seniority in the Department and we have a larger number of them to select from for the higher appointments, more will be so appointed, and I for one shall always be glad to see that their claims are not overlooked in any way."

The Hon'ble MR. GOKHALE: "I am very glad to hear what the Hon'ble Mr. Stewart-Wilson has said in reply to my observations. His solicitude to give larger facilities for the employment of Indians in his Department is well known and I entirely accept all that he has said; and, to mark my sense of the efforts he is making, and of his very friendly statement, I would like to withdraw this resolution."

The resolution was withdrawn.

#### TELEGRAPHS.

The Hon'ble MR. GOKHALE: "Sir, I beg to move that this Council recommends that the expenditure under Telegraphs be reduced by Rs. 50,000. Here I find that there has been an increase of 32 per cent. in five years, which means the same story again; an annual growth of five to six per cent. In 1905-06, the expenditure was 88 lakhs; for the current year, taking the revised estimates, it is 116·8 lakhs—an increase of 28½ lakhs, or of 32 per cent. in five years. The Hon'ble Member, who introduced this head, explained that the establishment charges, met out of ordinary revenue, bear a sort of inverse proportion to the capital outlay on telegraphs; that when the capital outlay is larger, the establishment charges, met from current revenue, appear smaller. I must confess that I have not examined this matter from that standpoint. I find, however, that the revenue of this Department, since 1905-06, has remained stationary; it was nearly 120 lakhs in 1905-06; it is 124 lakhs now. But while the revenue has not advanced, the charges, as I have pointed out, have increased by 32 per cent. in five years. Then, Sir, there are 86 appointments in this Department, with salaries between Rs. 500 and Rs. 3,000 a month, and of these only 3 are held by Indians. This, I think, is a matter for legitimate complaint."

The Hon'ble MR. ROBERTSON : " I should like to say a few words about what the Hon'ble Member has said as regards the expansion in the telegraph expenditure. Admittedly this expenditure is going up. We have, as the Council are aware, at very considerable cost had to raise the pay of the whole of the subordinate staff of the Department and also to give a long-looked for increase in the emoluments of the superior officers. That has been a very costly business, to the end of which I am afraid we have not yet come, although we are beginning to approach finality, and in consequence the expenditure has shown for the last two or three years a very considerable increase.

" With regard to the Hon'ble Member's remarks about revenue, I should like to impress upon him one thing. In previous years, that is, before 1909-1910, the custom prevailed of sending under what was known as the 'urgent' class, Rs. 2 for 16 words, a great deal of the State traffic in India. About two years ago very stringent orders were issued to stop this. It really meant that the wires were being taken up by State traffic to the detriment of the general public. In the first year in which these orders were issued, there was an immediate drop in message revenue under 'State' of something like Rs. 7,00,000, by telling officers to use the post office more frequently and also not to send telegrams at the urgent rate and thereby block the public traffic ; and we have good reason to believe that the fall in this 'State' revenue so-called still continues. That I may say accounts very largely for the decrease in the revenue as shown in those returns.

" Then I may say just a word about what the Hon'ble Member has stated about the officering of the Department. This was enquired into very fully about two years ago, and after much deliberation the decision was come to that in future three-eighths of the superior officers of the Department should belong to what is known as the Provincial Service ; five-eighths were to be Imperial and three-eighths Provincial. That decision was arrived at after full consideration of the administrative requirements of the Department, and it must be adhered to.

" I may, however, mention for the information of the Hon'ble Member that, if we go back to the year 1893, there was not a single Indian employed in the superior establishment of the Telegraph Department. At the present time there are 20 Indian officers."

The Hon'ble MR. GOKHALE : " I find, Sir, that even if we go back to the time when urgent State messages were sent on a much larger scale than now, even then, the growth of revenue did not keep pace with the growth of expenditure. Thus, in the year 1908-09, the revenue was 1 crore 31 lakhs, which means an increase of about 9 per cent. over the figure of 1905-06, or about 3 per cent. per annum, as against a growth in charges of between 5 and 6 per cent.

" As regards the fact mentioned by the Hon'ble Mr. Robertson that 20 years ago there was not a single Indian in this Department, whereas now they have just begun to introduce Indians, I would ask him to go a little faster. Out of 86 superior officers at present, only 3 are Indians. I think the Hon'ble Member will see the necessity of moving a little faster."

The Hon'ble MR. ROBERTSON : " Twenty, I think I said."

The Hon'ble MR. GOKHALE : " But I am taking appointments only of Rs. 500 and above ; there are only three Indians among them."

The Hon'ble MR. ROBERTSON : " The salaries below Rs. 500 are those of the latest recruits who comprise a considerable proportion of Indians. We do not begin our officers on pay as high as Rs. 500. Indians who have been recently recruited must be taken in on lower rates of pay ; as years go on they will rise to the higher rates."

The resolution was put and rejected.

#### RAILWAYS.

The Hon'ble MR. GOKHALE : " I beg to move, Sir, that this Council recommends that the working expenses of Railways be reduced by 50 lakhs of

rupees. It may be in the recollection of Hon'ble Members that last year I had moved in this Council a similar resolution. I had then suggested that the working expenses of railways should be reduced by a crore of rupees. This time I am more modest and I ask for a reduction of only 50 lakhs. But, Sir, before I say anything in support of this resolution, I would like to express my satisfaction about one or two features of this year's railway finance. In the course of my speech last year, I deemed it necessary to protest against, in the first instance, the tendency of the Railway administration constantly to exceed the Budget Estimates, and I also pointed out that the working expenses had been going up rapidly since the creation of the Railway Board, and that, unless the rate of growth was checked, the general revenues of India would again have to find money in order to keep our railways going, as they had to do for more than 50 years. I am glad to find, Sir, that in both these respects, there has been an improvement; that this year the Budget Estimates have not been exceeded, and that the working expenses too bear a smaller proportion to the gross earnings than was provided for in the Budget Estimates introduced last year. But, Sir, the proportion of working expenses is still much too high, and I must take this opportunity to press for a further reduction. I went into this question in some detail last year, and I pointed out how for 15 years before the creation of the Railway Board the proportion of the working expenses to gross earnings had ranged between 45 and 48—only one year showing a higher percentage, a little over 49—and how as soon as the Railway Board was created, the working expenses began to mount up. The Railway Board came into existence in 1906, and straightway the proportion in that year went up to 50 per cent.; next year, *i.e.*, in 1907-08, it went up to 57·5; in 1908-09, the year of a heavy deficit, it went up to 62; in 1909-10, owing to a general complaint, it came down to 55·3. And in the revised estimates for the current year, we see a further reduction to 54·6. However, for the next year, provision is again made for 54·4 per cent. of gross earnings as working expenses. Now, Sir, I think that 50 per cent. should be an ample proportion for the working expenses of railways. For 15 years they were satisfied with less than 50 per cent. We may take into account the fact that prices have gone up; on the other hand, there is the fact that for renewals and betterment, they have spent a great deal of money during the last three or four years. I think, therefore, that next year, or, if not next year, at least during the succeeding year, the Railway Administration should try its best to cut down the working expenses to 50 per cent. of the gross receipts.

“Then, Sir, I find that in this Department the exclusion of Indians from high office is practically complete, and one way of reducing the working expenses would be to employ Indian agency on a larger scale. Sir, my investigation of this question has led me to one conclusion, and it is this. The farther you move from the Provincial Governments, the smaller is the employment of Indians; the Provincial Governments, amenable to the pressure of public opinion and anxious to do what they can for the people entrusted to their charge, try to employ the Indian agency to some extent. When we come to the Departments under the Government of India, we find that the Indians do not fare so well. In Railways, the Indians fare the worst; and even among Railways, those managed directly by the State are better than State Railways under Companies' management; the position is absolutely hopeless. Taking the Railways managed by the State,—and I go down very low, I go down to Rs. 200 a month, because otherwise we have hardly any Indians anywhere,—I find that there are 820 officers with salaries ranging between Rs. 200 and Rs. 3,000 a month. And among these only 47 are Indians; and even these 47 Indians are confined to two or three Departments only. The Accounts Department has got 11; there are 15 in the lower ranks of the Engineering Department; and there are 12 in the lower ranks of the Traffic Department. In all other Departments there is hardly any Indian. There is one in the Code and Signalling, there is one in the Medical, there is none in the Management, and none anywhere else. This is the position as regards State railways under the direct management of the State. When we come to State railways managed by Companies, the position is even worse. Here we have over 1,100



appointments ranging from Rs. 200 to Rs. 3,500, and among those the number held by Indians is only 30. The number of permanent appointments on these Railways between Rs. 500 and Rs. 3,500 is 774; out of them only 10 are held by Indians; the number of temporary appointments between the same limits is 30, out of which only 2 are Indians. Descending to appointments between Rs. 250 and Rs. 500, of which there are 299, we find only 18 held by Indians. Here, then, Sir, is plenty of room for the employment of Indians, and if Indians are employed there will be a considerable saving and the working expenses of Railways will be reduced. And there will be no difficulty in bringing down the proportion of working expenses to gross earnings to about 50 per cent., as I propose."

The Hon'ble SIR T. R. WYNNE: "Sir, the Hon'ble Member I take it does not wish me to answer his criticisms regarding the working expenses. The remarks he made were I take merely meant to enable him to introduce his proposals for the further employment of Indians on Railways. I would only point out that the arguments he has advanced to-day are precisely those which he advanced last year and to which I think I gave very conclusive answers, and I refer him to the report of last year's debate. Now, when we come to the question of largely employing Indians on railways, we find very different conditions to those existing in the other Departments. To begin with, railways employ a very large number of Indians already. The total number of people employed on Railways in India, according to the returns of 1909, as published in the Railway Board's Administration Report and which is the latest return available, is 515,702, of which 498,722 are Indians: 97 per cent. therefore of the employes on railways in India are Indians."

The Hon'ble BABU BHUPENDRANATH BASU: "Does that include coolies and porters?"

The Hon'ble SIR T. R. WYNNE: "Yes; it also includes station masters and all employes. These figures include both officers, subordinates and men, and taken as a whole I do not think they support the contention that Indians are not freely employed on Indian Railways. I take it, however, that the Hon'ble Mr. Gokhale wishes to distinguish between Indians employed in the superior and subordinate grades. I think that is his point, and the remarks I now make will refer solely to State Railways, as on Companies' Railways it is a matter for them to deal with, as Government have not very much power in that direction. My reply in regard to the State Railways is that Indians are now appointed every year to the superior grades of the Engineering, Traffic and Accounts Departments of State Railways. The Accounts Department, I should say, has recently been handed over to the Finance Department, and so the Railway Board have nothing whatever to do with the appointment of Indians to the Accounts Department. Now, in the Engineering Branch, Indian Engineers have been appointed to that Branch for a great many years, and there is no bar to their rising to the top of that Branch. At present for instance, there is my friend, Rai Bahadur Lala Ram, who has acted as Chief Engineer of the Eastern Bengal State Railway. He is now on leave, and when he returns he will again act as Chief Engineer. As regards the Traffic Department, the recruitment is of a more recent growth; but appointments are now being made every year, and the gentlemen who are now being appointed will have the whole field open to them in the future. They are being appointed, as regards pay and pension, on exactly the same basis as if they were Europeans."

"With regard to the Locomotive Department, there has been no desire, as far as I am aware, for any Indians to enter that Department. It is a Department where you have got to go through an apprenticeship and work for five years in an English workshop. After you have done that, you have to learn about running work and the management of drivers - a difficult class to handle; and besides that you have to work very hard at the scientific part of the profession. In fact, to qualify for the Locomotive Department, it may be necessary to reside out of the country for a good many years. In my opinion, the present rate of recruitment of Indians in the superior branches of Indian Railways is proceeding as rapidly as circumstances permit. Without intending in any way to disparage the ability and character of the natives of India, I say

deliberately that for the proper and safe working of its Railway system at the present time you cannot with safety reduce the present percentage of European staff in the superior grades ; to make my meaning quite clear, I will say that the special qualifications and early training which may make any particular European a good Railway officer are such as might render him quite unsuited to hold an appointment not on Railways which could be filled more efficiently by an Indian. The safety of the public and the proper working of the Indian Railways rests largely on the maintenance of strict impartial discipline, and the weaving together by personal control of men of different classes, races, creeds and temperaments, both European and Indian. I see grave difficulties ahead if the class of officer which now secures the confidence of, and can get the best work from, a very large staff of such a varied composition, is to be at an early date largely replaced by a class which has not yet shown its fitness for the duties, though a few individuals of that class may have done so. This is a matter which must be dealt with most cautiously, and certainly not as a political question.

" For their proper and safe working, Railways should be kept free from politics, and they should be dealt with on strictly commercial lines. This policy has had to be adopted in Australia, and India should benefit by her experience.

" Indians are now being admitted to the superior staff of Railways, and, if they eventually prove their fitness as a class for the work, Railways will feel justified in increasing their numbers. They are now being given a fair trial in a new field of employment ; but for the present the safety of the travelling public and the vast interests of commerce do not justify the Railways of India readily agreeing for political reasons to a large reduction in numbers of a class of officer which has proved its fitness for the very technical public work entrusted to it, in favour of a class which, except in a few individual instances, has yet to prove its capacity in the same field.

" The point for decision is simple and clear.

" Which do you consider the soundest policy to adopt in the interests of trade and the travelling public of India which represents an enormous number of Indians ? Do you prefer to retain a system of recruitment of Railway officers which now secures efficient and safe working of the Railways of India while at the same time giving to Indians a fair chance of showing their fitness for Railway work, or do you prefer for political reasons to force on Indian Railways the employment of a large number of Indians, whose capacity for Railway work has yet to be proved, and so run the serious risk of diminishing the efficiency and reliability of the Railway service of India. "

The Hon'ble MR. GOKHALE : " Sir, the Hon'ble Sir T. R. Wynne began by saying that my object in moving this resolution was probably not really to ask for a reduction in the working expenses, but to raise this question about the employment of Indians. Now, I beg leave to assure him that he is not correct there. I did want to urge him to reduce his working expenses this year as I urged him last year. Then he has told the Council that I have brought forward the same arguments this year that I did last year, and to my arguments of last year he had given a conclusive reply. Well, Sir, the Hon'ble Member's reply of last year was not conclusive to me ; but his revised estimates, laid before us this year, are conclusive. He said last year that the proportion of working expenses to gross earnings, provided for in last year's Budget, was absolutely necessary. Well, we had a discussion on that point. Whether it was the result of that discussion or of the pressure of the Finance Department or some fresh light coming to the Railway Administration, the proportion has gone down this year—I am speaking of the revised estimates for the current year. And that, Sir, is a much more conclusive and satisfactory answer to me than what the Hon'ble Member said last year.

" Now, Sir, as regards the employment of Indians, if I travel a little beyond mere financial considerations, I shall only be following the Hon'ble Member's example. And I hope that, as he was allowed to make these observations, you will allow me also to follow on those lines. I decline, Sir, to accept—and I say

that at once and emphatically—I decline to accept the general argument that he has advanced in this Council to-day of the unfitness of Indians for Railway work. If facilities have not been given to them to show their fitness, if they have not been tried, that, surely, is not their fault. If after fifty years of Railways in this country, you have only just begun to give a trial to Indians, that again is not their fault. If there is one Indian, discharging the duties of Chief Engineer, that only shows that if you select the right type of Indians and give them a chance, they will do their work as satisfactorily as anyone else. If people elsewhere, if the Japanese for instance, if other people are managing their Railways, I do not see why we should not be able to do so. After all we are not born with a double dose of original sin. I do not say that we want to dispense with European guidance, but there is undoubtedly room for a much larger employment in the higher ranks of Railway service without impairing efficiency in the least. Sir, the extreme position taken up by the Hon'ble Member, and the whole spirit of the statement read out by him, is enough to explain why we occupy such a very unsatisfactory position in Railway service. One has only to compare Railway administration with other administrations—one has only to contrast the spirit of the Hon'ble Member's remarks with, for instance, what fell from the Hon'ble Mr. Stewart-Wilson's earlier in the day to understand why it is that Indians fare so badly as regards employment on Railways. Sir, I protest emphatically against the Hon'ble Member's remarks, and to mark my protest I will divide the Council on this resolution."

The Hon'ble SIR T. R. WYNNE: "Sir, I wish to explain one remark—."

The Hon'ble MR. ALI IMAM: "Is the Hon'ble Member in order?"

THE PRESIDENT: "I understand the Hon'ble Member wishes to make an explanation."

The Hon'ble SIR T. R. WYNNE:—"Yes, the explanation is with reference to the Hon'ble Mr. Gokhale's last remarks."

THE PRESIDENT: "Does the Hon'ble Member wish to correct a remark made by the Hon'ble Mr. Gokhale?"

The Hon'ble SIR T. R. WYNNE: "No."

THE PRESIDENT: "Then I am afraid the Hon'ble Member cannot be heard."

The Council divided:—

*Ayes—10.*

The Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Nawab Abdul Majid; the Hon'ble Raja Sir Muhammad Ali Muhammad Khan of Mahmudabad; the Hon'ble Sir Bijay Chand Mahtab, Maharajadhiraja Bahadur of Burdwan; the Hon'ble Babu Bhupendranath Basu; the Hon'ble Mr. Sachchidananda Sinha; and the Hon'ble Mr. Mazharul Haque.

*Noes—43.*

The Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Madge; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Phillips; the Hon'ble Mr. Dadabhoy; the Hon'ble Mr. Gates; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Sardar Partab Singh; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slacke; the Hon'ble Mr. Stewart-Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir Vithaldas D. Thackersey; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kenrick; the Hon'ble Mr. Kesteven; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major General Grover; the Hon'ble



Mr. Earle; the Hon'ble Mr. Maclagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Porter; the Hon'ble Mr. Robertson; the Hon'ble Mr. Brunyate; the Hon'ble Sir Henry McMahon; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; and the Hon'ble Mr. Macpherson.

So the resolution was rejected.

### EDUCATION.

THE PRESIDENT: "I now call upon the Hon'ble Mr. Butler to introduce the Budget heads relating to his Department."

The Hon'ble MR. BUTLER, in introducing the head of Education said:—"The important Budget heads which it falls to me to introduce are Education and the sub-heads of Medical which refer to Sanitation. I need not trouble the Council further than is necessary to give some account of the grants that have been made to Local Governments and Administrations in order to assist them to carry out urgent projects which are ready and only waiting for funds, which can be completed in a short time, and which do not involve future expenditure beyond the means of provincial revenues. Under the head Education the grants will of necessity be devoted to buildings and equipment. The distribution by class of educational project is as follows:—

	2
Technical and industrial institutions . . . . .	105,400
Primary training institutions and primary schools . . . . .	121,200
Secondary training institutions and secondary schools . . . . .	78,100
Colleges . . . . .	84,000
Hostels in colleges and secondary schools . . . . .	157,000
Girls' schools . . . . .	16,700
European schools . . . . .	43,800
TOTAL . . . . .	601,200

"The grants for technical education and hostels will, I anticipate, meet with general acclamation. Not less welcome will be the grants for secondary schools and training colleges; for the want of proper accommodation and equipment, especially scientific equipment, is by general consent one of the great defects of our present system. It may occur to some Hon'ble Members that even larger grants might have been made for primary education. But experience has shown that too large sudden grants for primary school buildings lead in the absence of carefully worked out plans to waste, and to the opening of schools which have eventually to be closed for want of funds to maintain them. Moreover, the power of local bodies to erect buildings within a given time is limited by the size of their establishments. It is intended to mature schemes in consultation with Local Governments for a definite programme of advance in primary education. Meanwhile the grants made will meet the more pressing and declared needs. The extensive poverty of European schools in the matter of buildings and equipment have been brought prominently to notice of late by Sir Robert Laidlaw and his Committee. I feel sure that I am voicing the thoughts of all who are interested in education in India, no matter what their creed, in wishing success to the efforts of Sir Robert Laidlaw and his Committee to raise funds by public subscription for the improvement of the schools in which they are interested.

"The detailed schemes to which the grants will be appropriated will be found in Provincial budgets. Among the larger grants of Imperial interest I may mention 3 lakhs for the engineering laboratory at the College of Science at Poona, 1½ lakhs for Institutes of Science in the Bombay Presidency, 6 lakhs for hostels in Calcutta, 8 lakhs for the Presidency College, Calcutta,

3½ lakhs for the modified scheme of the technological institute at Cawnpore (subject to the approval by the Secretary of State of the scheme), 2 lakhs for the Aligarh College, 2 lakhs for the Rangoon College.

“Under the head Sanitation the grants will be allotted to urgent schemes of drainage and water-works in towns. Here again the detailed grants will be found in the Provincial budgets. But one item is of wide and far-reaching importance. A sum of five lakhs has been set aside (it is part of the ten lakh grant for the Punjab) as an endowment for research in connection with the Central Institute at Kasauli. It is hoped to utilise this sum to great advantage in the malaria campaign and, as funds become available, to inaugurate similar campaigns against other prevalent diseases. Is it too much to hope that this grant may become by the liberality of the wealthy in India the nucleus of a fund for an extensive campaign of scientific research in Indian diseases?”

“I trust that I have said enough to assure the Council that the grants will be devoted to really pressing needs. They have been made after consultation with Local Governments and after anxious and careful consideration from every point of view by the Government of India.”

The Council adjourned to Thursday, the 9th March 1911.

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA ;

*The 22nd March 1911.*

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1901 TO 1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 14).

The Council met at Government House, Calcutta, on Thursday, the 9th March, 1911.

PRESENT :

The Hon'ble MR. J. L. JENKINS, C.S.I., Vice-President, *presiding*,  
and 55 Members, of whom 49 were Additional Members.

OATH OF OFFICE.

The Hon'ble Mr. H. Sharp, Additional Member, made the prescribed oath of allegiance to the Crown :—

QUESTIONS AND ANSWERS.

The Hon'ble Maulvi Syed Shams-ul-Huda asked :—

“ Are the Government aware—

- (a) that a large number of persons accused of criminal offences are often unable to engage Counsel to defend themselves by reason of their poverty ;
- (b) that in sessions cases, specially in cases of murder, the presiding Judge sometimes requests junior members of the Bar to undertake the defence of accused persons gratis ;
- (c) that the absence of professional aid sometimes leads to miscarriage of justice ?

“ Do the Government intend to direct all Local Administrations to provide under such conditions and limitations as may be deemed necessary for the defence by professional lawyers of all persons prosecuted by the Crown who are unable to defend themselves by engaging Counsel ? ”

The Hon'ble Mr. Earle replied : —

“ The answer to (a) and (b) in this question is in the affirmative. No facts have been brought to the notice of Government to support the suggestion contained in (c).

“ In the Madras and Bombay Presidencies and in Coorg, Counsel are allowed unconditionally, at Government expense, to prisoners accused of murder who are unable to pay for legal assistance. In Bengal, Eastern Bengal and Assam, Burma and the Central Provinces, Counsel are allowed at Government expense to persons accused of murder, if they are unable to pay for legal assistance, and in the Punjab, to persons accused of an offence punishable with death if they are unable to pay for legal assistance, on certain conditions, *viz.* :—

“ In Bengal, if the District Magistrate considers that the defence, as disclosed, is such that in the interests of justice it is expedient that the prisoner should have legal aid to make his defence to the charge of murder clear ; in Eastern Bengal and Assam, if the accused reveals his defence before the sessions trial and the District Magistrate is satisfied that he has a reasonably good line of defence ; in Burma and the Central Provinces, when the District Magistrate considers that the prisoner's defence is of such a nature that it is expedient that he should have the assistance of Counsel ; in the



Punjab, when the Crown is represented by Counsel, when the Court thinks from the evidence produced before it that it is desirable in the interests of justice that the prisoner should be defended by Counsel, and when no legal practitioner present in the Court is willing to undertake his defence without payment.

"In the United Provinces and in the North-West Frontier Province, prisoners are not provided with Counsel at Government expense in criminal cases of any class.

"The Government of India will call the attention of the Government of the United Provinces and of the Chief Commissioner, North-West Frontier Province, to the arrangements which have been made in other provinces for furnishing prisoners, in certain cases, with legal assistance at Government expense; but they do not consider it necessary, in view of the arrangements already made in most provinces, to issue general orders in the sense suggested in the question."

**The Hon'ble the Raja of Dighapatia asked :—**

"Will the Government be pleased to state whether any of the Provincial Governments in India or the Imperial Government make any pecuniary contributions to, or subscribe to more than twenty copies of, any newspapers, either English or Vernacular, published in India?"

"If so, will the Government be pleased to mention the names of such newspapers, the province and the language in which they are published, and the number of copies taken by the Government of, or the money paid to, each, and will the Government be pleased to state their grounds for subsidizing newspapers, either directly with money contributions or indirectly by subscribing to a large number of copies of any newspapers?"

**The Hon'ble Mr. Earle replied :—**

"The Imperial Government do not subsidise any newspapers, but merely take such a number of copies of newspapers as they require for departmental purposes. Local Governments, no doubt, also do this.

"The Government of Bengal have arranged to subscribe for 25,000 copies of a weekly Vernacular newspaper to be published by Rai Narendra Nath Sen Bahadur, Editor of the *Indian Mirror*, at an annual cost of Rs62,500, for distribution to panchayats, educational institutions and Government offices. The Government of Bombay have arranged to subscribe for 10,000 copies of a weekly Marathi newspaper called the *Jagad Vritta* at an annual cost of Rs15,000 for a period of five years. The United Provinces Government subscribe for 300 copies of a Vernacular newspaper, for distribution to tahsils, thanas and schools. The name of the newspaper is *Independent*, the language in which it is published is Urdu, and the amount paid as subscription is Rs3 a copy. The Government of Eastern Bengal and Assam are making arrangements to subscribe for 10,000 copies of a weekly Vernacular newspaper, at a cost of Rs2 a copy. The newspaper will presumably be in Bengali; but its name has not yet been settled.

"The grounds upon which it has been decided to subsidise Vernacular newspapers are as follows :—

In England all shades of opinion are expressed in newspapers conducted by private enterprise. In India this is not the case; and it is to be regretted that amongst journals in the Vernacular, upon which the greater part of the population has to depend for their information, the views of Government meet with but slender support. It has been therefore considered desirable to place the views of Government within the reach of those who study the local Press of this country, in order that they may be in a position to judge for themselves as to the validity of the criticisms directed by the local journals against the views and actions of Government.

"The measures taken are experimental, and further action will depend on the results."

**The Hon'ble Mr. Sachchidananda Sinha asked:—**

"(a) Is it a fact that the Agent to the Governor General, British Baluchistan, subsidizes a newspaper, called the *Baluchistan Gazette*, published at Quetta?"

"(b) If so, what is the total amount that has so far been paid as subsidy to the *Baluchistan Gazette*?"

"(c) Is it true that the subsidy commenced in 1899-1900 and is still continued and that the amount of the subsidy is Rs. 2,000 a year?"

"(d) Do the Government propose to discontinue the subsidy? If not, will the Government be pleased to state the reasons for their not discontinuing it?"

**The Hon'ble Sir Henry McMahon replied:—**

"In regard to question (a) no subsidy is paid to the *Baluchistan Gazette*. But two copies are supplied to the India Office, and about forty-one copies to Government offices in Baluchistan, at Government expense.

"In regard to questions (b) and (c) since the paper was started, copies have been supplied to principal offices, and, since 1903, to all the offices, down to, and inclusive of, those of Extra Assistant Commissioners. Records are not available of the expenditure incurred in the earlier years. It has varied from year to year according to the number of copies supplied, and the rates of subscription. It is now Rs. 860.

"With regard to (d) the supply of the Gazette to Government officers serves a useful public purpose. It is a convenient method of keeping them informed of official notices and advertisements, and of provincial news. Government do not, therefore, propose to discontinue subscribing to the paper."

#### EXCISE COTTON-DUTIES.

**The Hon'ble MR. DADABHOY: "Sir, I beg to move—**

'That in view of the continued depression in the Indian cotton industry, this Council recommends to the Governor General in Council that the countervailing excise-duty upon cotton goods manufactured in India be abolished.'

"As the subject is of very great importance, I ask the Hon'ble Members to give me their patient indulgent hearing.

"Sir, this resolution should have come in the first thing in the reformed Council. The amount of feeling that there is in the country over this subject is large enough to engage the most anxious consideration of Government. It is not confined to manufacturers. The general public perhaps view the duty with greater dissatisfaction than the millowners. The financial aspect of the duty only impresses the manufacturer, and he condemns it in so far as it interferes with the profits of the industry; whereas the public condemn it on more general grounds. But the feeling of dissatisfaction is universal, and inasmuch as the reconstituted Council is expected to reflect public opinion faithfully, the question of the repeal of the duty should have had precedence over other administrative matters. The resolution should have been and would have been before the Council last year but for the fact that the state of political feeling in England then made discussion of the subject fruitless. In this matter the Government of India from its constitution cannot do anything independently of His Majesty's Government. In the political excitement prevailing last year in England any representation from this Government would have received scant consideration. Although, therefore, I had thought of moving the resolution in March last, I ultimately put it off till this session.

"Sir, the experience of the year has only added force and point to my appeal. The depression in the Indian cotton industry has increased in the interval, and mills have had to stop work. In Bombay in January last

fourteen mills and in February six mills closed down, with the result that several thousand operatives were thrown out of employment. I admit this abnormal depression in the trade is not wholly due to the countervailing excise-duty; but I cannot accept the proposition, laid before the Council some time ago by the Hon'ble Sir John Miller in reply to my question on the subject, that there is no connection between them. I do contend that the duty is one of the economic factors which produce the depression. It adds to the already heavy cost of production, and since prices do not advance proportionately, it trenches upon the profits of the mills. In 1905 the Indian mill-owners made a profit of 350 lakhs of rupees. In 1909 the profits slid down to 90 lakhs, and last year to 60 lakhs; and this upon a total invested capital of about 28 crores of rupees and from both spinning and weaving. The cotton mills in India mostly do spinning, and only a small number do both spinning and weaving. It is doubtful if the weaving alone has even paid its way during the past few years, not to speak of yielding any profits. The Government revenue from the countervailing excise-duty has, on the other hand, been progressive of late. In 1909-10 the income was, roughly, 41 lakhs of rupees against a collection of a trifle over 36 lakhs in 1908-09 and 34½ lakhs in 1907-08. Taking last year's figures into account, the amount taken as duty, if set free, would substantially increase the profits. The facts point to the conclusion that the cost of production has increased rapidly without a commensurate advance in prices. In these circumstances the repeal of the excise-duty can fairly be expected to afford appreciable relief to the industry. More than that: it will put heart in the manufacturer. This result should of itself be ground for the suggested action on the part of Government.

"Sir, the Indian cotton industry deserves indulgent treatment at the hands of Government, especially because the currency operations of the Government have to some extent hampered the cotton trade. Sir James Westland remarked in this Council on 10th March 1894:

'I need only say that India as a manufacturing country is not yet out of her tutelage, and if any industry in the world deserves protection, it is the cotton industry of India, the only real indigenous industry which has sprung up in this country—an industry, moreover, on which our present currency difficulties have compelled us, in the interests, as we believe, of the country generally, to inflict a certain amount of injury.'

"This clear admission by the author of the Indian currency legislation ought to put the matter of injury beyond controversy. And the subsequent measures, which the financial difficulties of Government have necessitated, have only accentuated the evil. The last important tax imposed by the Government of India—the tax on silver—operates, as I submitted on a recent occasion, as a bounty of 3 per cent. to China and Japan in the cotton trade.

"Sir, in 1895 Lancashire objected to the 5 per cent. Indian import-duties upon cotton goods, imposed by the Government with the object solely of restoring equilibrium to its finances in the face of a falling exchange which England declined to arrest, not mainly on the ground that they were protective, but because there was depression in the British cotton industry. That was how the situation impressed Sir James Westland:

'If Lancashire were in a flourishing condition, I cannot help thinking that these differences would have been considered to be more theoretical than practical. \* \* \*

'But we cannot conceal from ourselves the fact that Lancashire trade has recently been in a depressed condition, although we certainly contend that the circumstances out of which this depression arises have nothing to do with Indian cotton-duties.'

"The deputation of Lancashire merchants and manufacturers that waited upon the Secretary of State in 1895 also made pointed reference to the depression as a ground for the abolition of the Indian cotton-duties. In the result, the Government of India equalised the trade conditions on the lines suggested by Lancashire, and the countervailing excise-duties upon cotton piece-goods manufactured in India came to be imposed, in pursuit of an abstract principle of justice, irrespective of facts.

"It was conceded that there was hardly any competition between England and India in the cotton trade; the spheres of manufacture of the two countries were distinct; from the natural condition of things India had to confine her manufacturing activity to the coarser fabrics and England to the finer. There was thus a natural cleavage in the two departments. Yet, because Lancashire



was in a bad way, facts were disregarded by the British manufacturers, and Government complied with their request, not because of its intrinsic merits, but with the clear object of soothing the soreness produced in them by continued depression in the industry. The Lancashire demand was admitted by Government to be unreasonable; the countervailing excise was not justified by Government. In 1894, the Finance Minister, in introducing the Cotton-Duties Bill in Council, made a frank admission on this point:

'I have now to ask the permission of the Council to supplement the imposition of import-duties on cotton goods by introducing a Bill for the levy of excise-duties on certain cotton goods manufactured in India.

'I would not be dealing straightforwardly with the Council if I pretended that this measure was recommended by the Government of India on its own merits. No Government would desire, except under the extremest stress of financial necessity, to impose a duty upon an industry so deserving of any fostering care which the Government can bestow upon it as the cotton manufacturing industry of India. The proposal I make is therefore not made on its own merits.'

"Again, on the motion for referring the Bill to a Select Committee:

'I cannot help thinking that the Government is placed in some difficulty in defending the provisions of a Bill which they have professedly brought forward as imposed upon them by conditions required by the Secretary of State and not by conditions which they themselves entirely, or independently, approve of. \* \* \* I am, therefore, of necessity obliged to state to the Council that this measure is recommended to us by superior orders and by orders which we are obliged to obey.'

"The Secretary of State himself, in his reply to the Lancashire deputation in 1895, repudiated the suggestion of causal connection between the 5 per cent. Indian cotton-duties and the depression in trade on which the manufacturers based their request for their repeal. He ascribed the depression to the new factor of competition with foreign countries:

'You have to deal now with new conditions and new competition.'

"The Bengal Chamber of Commerce also, in their instructive letter to Government of 3rd January 1896, attributed the depression of which Lancashire complained to the supervention of new trade conditions and to the loss of a monopoly hitherto enjoyed by the British manufacturer. Sir James Westland, with the weight of his authority, endorsed this view:

'Strenuous competition all the world over is taking away from Lancashire what used to be almost its monopoly of the piece-goods markets. In China and Japan, as well as in India, manufacture has been and is being brought at the same time to the supply of the raw material, and to the door of the consumer.'

"Mr. D. R. Lyall, then Member of the Board of Revenue of Bengal, in a special Report to the Government of India in 1895, dealt fully with this subject of depression in Lancashire trade, and concluded that it was due to increased industrial activity in the foreign countries—the United States and the Continent especially. Referring to the large increase in the number of spindles in the United States, the East Indies and on the Continent during 1892—1895, he remarked:

'It may safely be asserted that all the new spindles were of the newest pattern, and capable of turning out the cheapest materials, and that each new mill, erected on the newest principles, was a further handicap on British trade.'

"Sir Charles Stevens, for sometime Lieutenant-Governor of Bengal, on the strength of these facts and the consumption in 1894-1895 of 9,657,000 bales of cotton by the Continent, the United States, and the East Indies against Great Britain's 4,080,000 bales, observed in this Council:

'These figures, like those relating to the increase in spindles, point most distinctly to the conclusion that the competition which is really injuring Lancashire is that of the Continent rather than that of India.'

"Both Mr. Lyall and Sir Charles Stevens accepted Messrs. Ellison and Co.'s conclusions in their Annual Review of the Cotton Trade for the year ending 30th September 1895—conclusions founded upon well-ascertained facts. Informed opinion, official and non-official, exposed the hollowness of the Lancashire contention; the imposition of countervailing excise-duties was held unjust and unnecessary; still, because British trade passed through a period of depression, the duties were imposed, and the import-duties known as cotton-duties were reduced by 1½ per cent. at the sacrifice of a pretty large annual revenue.

"Today, Sir, India in its turn is in a bad way. There is acute and abnormal depression in the Indian cotton trade. Manufacturers find advantage in closure. What with the Indian currency legislation, the tax on silver and the increased local activity in cotton manufacture, the market for Indian goods in the Far East has become contracted. Japan has ceased to be a buyer of Indian cottons. Since 1900 not a yard of Indian cloth has found its way to that country. In the decennial period 1880-1889 the average annual shipment to it from Bombay was 94,656 yards; it shrank to 14,240 yards during the succeeding decade. There is no prospect of a revival in the trade. Encouraged by the fiscal operations of the Government of India, Japan is herself a manufacturer now. Besides, her demand seems now to be confined to the finer goods. Indian goods have been replaced by the productions of the British looms. The average annual imports into the country from the United Kingdom advanced over 18 per cent. during the last decade, the average of 1900-1909 being 98,966,070 yards against an average of 83,693,680 yards in the previous decade (1890-1899). The Japanese appear to have developed a liking for fine products, and this change in their taste stimulates the sale of Lancashire goods. The Japanese demand for Indian yarn also is diminishing at an alarming rate. The exports to Japan shrank from 10,140 bales or 4,056,000 lbs. on an average between 1890-1899 to an average of 80 bales or 32,000 lbs. in 1900-1909. The Japan market is thus entirely lost to India.

"In China too the Indian manufacturer is at a disadvantage. Similar conditions prevail there; the Indian currency legislation and the tax on silver provide the same stimulus to the manufacturing industry of a people realising, after the torpor of ages, the immense latent possibilities of the country; the demand for finer goods is on the increase, and that for the coarse Indian fabrics is falling off at a rapid rate. The annual consumption of Indian piece-goods in China was in 1890-1899 on an average 5,738,498 yards; in 1900-1909 the average fell off to 2,458,045 yards. There was a decline of 57 per cent. in the average in 10 years. On the other hand; the imports of similar goods from the United Kingdom increased during the same period, the annual average of 1900-1909 being 562,011,170 yards against the average of 494,961,710 yards in 1890-1899, or an improvement of over 13 per cent. Indian yarn, it is true, still maintains its ground in the China market, but in the altered conditions prophecy about the future is hazardous. The increase in the quantity of yarn imported into the country is a disquieting factor from the Indian manufacturer's point of view.

"Then, again, the shipments of Indian yarn to the United Kingdom and the Continent have met with a serious check. In one year they fell off 85.32 per cent., the figures for 1909 being 2,532 bales against 17,255 bales in 1908. The present is thus dark for the Indian manufacturer; the future is uncertain, and the future uncertainty aggravates the existing depression. In 1895 the Secretary of State sympathised with the Lancashire merchants and manufacturers because the uncertainty then hanging over the trade aggravated the depression which had inspired the deputation:

'When a trade is in so depressed a condition as yours, an uncertainty as to its future tends to aggravate that depression.'

"Sir, the depression of which Lancashire complained in 1895 could not be relieved by Government action, as was pointed out on that occasion by the Secretary of State, whereas the present depression in the Indian cotton industry can be at least partially relieved by the repeal of the countervailing excise-duties. A decrease of  $3\frac{1}{2}$  per cent. in the cost of production in the existing condition of the trade will afford appreciable relief to the manufacturer. It is for this relief that I earnestly appeal to this Council. The feeling of the country as a whole is unanimous on this subject. Of all the duties imposed by the Government of India these countervailing excise-duties are the most unpopular, and the people feel distressed over them. The opinion, however, of the lay public might perhaps be held to be inspired more by sentiment than real practical difficulty. But the manufacturers themselves are exercised in spirit over the duties. The Bombay millowners, a body of manufacturers who, in this matter of duties, have never been unreasonable or extravagant, wish the excise to be abolished in the interests of the industry. The annual Reports of their Association contain references to it in terms suggestive of suffering and distress unrelieved by the hope of an early redress. And theirs

is not an imaginary grievance as I have shewn above. The countervailing excise-duty is in effect a clog to the Indian cotton industry.

"Sir, I can imagine difficulty should be raised on account of our dependence upon England. The duty complained of is an excise imposed for the purpose of countervailing the cotton-duties, in order 'to deprive them of their protective character.' No protection is allowed here. India is a part of the British Empire, and the Government of the country is vested ultimately in His Majesty and Parliament. India's subordinate constitutional position makes independent action on the part of her Government in the matter of Tariff Reform impracticable. Now, England is a Free Trader by choice and conviction. India has likewise to be a Free Trader from necessity. Although I strongly believe in protection as a policy beneficial to India, I cannot ignore the realities of the situation, and cannot request Government to all at once change its commercial policy in relation to the United Kingdom. For the introduction of a policy of protection in India, we must depend upon strictly constitutional agitation and respectful and well-reasoned representations to His Majesty's Government. I am sure, however, of final success. Meanwhile, it behoves us to accept the present, and in support of the resolution before the Council to shew that the cotton-duties are not protective, and the excise does not countervail anything. The repeal of the excise-duties therefore does not violate in practice any of the principles of Free Trade.

"Sir, this matter should be judged in relation to facts, and not to abstract principles. Philosophical ideas may be good things in their way ; but, I submit, the commercial policy of a country ought to be, and is, determined by considerations of the balance of convenience. Now, judged in the abstract, the Indian cotton-duties might conceivably be held to have a protective influence upon the Indian manufacture, but facts disprove the inference.

"But before I deal with the facts, I beg leave to point out that import-duties levied for the purposes of revenue are consistent with even the most orthodox conception of Free Trade principles. A staunch advocate of Free Trade, the late Mr. Gladstone, thought such duties did not violate its canons. Condemning in Parliament in 1879 the partial repeal of the Indian cotton-duties in 1878, he observed :—

'There is not a free trade Government in this or any other country which has not freely admitted that the state of the revenue is an essential element in the consideration of the application even of the best principles of free trade.'

"Then the late Mr. Fawcett too was of opinion that import-duties, imposed for the financial needs of a Government, were allowable even under a strict Free Trade policy. Even Mill, whose uncompromising philosophy often carried him to an idealism which practical statesmen found it difficult to accept, favoured import-duties. In his observations on Taxation in his great work on *Political Economy*, he laid down :

'As far as other considerations permit, taxation should be confined to imported articles, since these can be taxed with a less degree of vexatious interference, and with fewer incidental bad effects, than when a tax is levied on the field or on the workshop. Customs-duties are, *ceteris paribus*, much less objectionable than excise.'

"No doubt Mill counselled the imposition of an excise-duty of an equivalent amount in each case in which there was cause for fear of the import-duty operating as a protective duty. But he put the case in its extreme aspect. The mere possibility of goods of like nature being manufactured within the country does not make import-duties protective, except perhaps in a philosophical analysis. But philosophy has to be softened and tempered by considerations of practical convenience. However logical his conclusion, Mill's theory must be modified in practical administration. Leaving Mill apart, according to the accepted notions of practical Free Trade, there is nothing repugnant in customs-duties without countervailing excise-duties. The Indian import-duties upon cottons, being levied for revenue purposes, cannot be, even theoretically, subversive of Free Trade, though not countervailed by equivalent excise-duties.

"Whether in effect they are protective or not, is a question of fact on which opinion in India has been all through unanimous. All Finance Ministers, from Mr. Laing downwards—almost all of them sound and thoroughgoing Free Traders—have held that the Indian tariff is the lightest in the world, and is 'adjusted,' to quote the language of Mr. Massey, for a long time Chairman of the Committees of the House of Commons, 'on principles strictly in



accord with the policy of Sir Robert Peel and Mr. Gladstone.' In 1875, Lord Northbrook, Viceroy of India, held the opinion that the  $7\frac{1}{2}$  per cent. import-duties upon cottons then realised were not protective. The Tariff Committee of 1875, presided over by Mr. Money of the Board of Revenue of Bengal, also came to the same conclusion. Be it noted that the  $7\frac{1}{2}$  per cent. import-duties stood then without any countervailing excise. The Committee proposed to increase the rate to 10 per cent. in some cases and to reduce it to 5 per cent. in some others; but the general conclusion was that the duties were not protective. In 1894, Mr. Playfair, afterwards Sir Patrick Playfair, the representative of mercantile interests on this Council, pointed out that a 5 per cent. import-duty upon cotton goods would not affect trade:

'The amount of import-duty would be so moderate that merchants and dealers in cotton fabrics have frankly said it would not affect trade, and some have stated that the repeal of the duties on cotton goods in 1878 and in 1882 made no difference whatever in their volume of business.'

"Sir Patrick further pointed out that 'these merchants ..... in many instances are agents for the manufacturer.'

"In 1886, the Hon'ble Rao Bahadur V. N. Mandlik shewed, by statistics and arguments in this Council, the force of which time has not impaired, that the import-duty abolished in 1882 had not any protective effect in India:

'From 1849 to 1880 there has been a continued increase in the imports. It was from March 1882 that the import-duties upon goods and yarns was altogether removed, and instead of the imports increasing, as we may naturally expect if the protection theory was correct, that they have remained stationary except in the case of Madras, where a slight increase is perceptible; but taking the total of all the three Presidencies for each year, the imports fall short of what they were in 1880; and that, too, in spite of the enormous increase in railway communication throughout India and the large increase in its population.'

"Sir, the history of the Indian tariff invests these weighty opinions with special interest in the present times. Before 1857 the import-duty stood at 5 per cent. The Mutiny added to the burdens of the Government and the duty was increased to 10 per cent. In 1864 it was reduced to  $7\frac{1}{2}$  per cent., with the promise of a further reduction of  $2\frac{1}{2}$  per cent. when the state of the finances allowed. In 1878 the customs-duties upon cotton goods were partially abolished. Major Baring, now Lord Cromer, having charge of Indian finances in prosperous times, repealed the cotton-duties altogether in 1882 along with numerous other import-duties, shewing thereby that happy financial conditions mainly determined the Government action. In 1879 Mr. Gladstone condemned in Parliament the partial repeal of the cotton-duties in 1878, and asseverated that England applied 'the free trade doctrines...against the feelings of the Indian people in their utmost rigour and without a grain of mercy.' There was an excuse for Government in 1878. On 11th July 1877 the House of Commons had resolved that the cotton-duties, being protective in nature, 'ought to be repealed without delay, so soon as the financial condition of India will permit.' The partial repeal of the duties in 1878 gave effect to this resolution. But the principle underlying the resolution appears to be that in case of financial necessity such import-duties, even where protective, were allowable, and it did not seek to lay down a general rule for guidance for all time to come that, however embarrassed the finances might be, they were to be avoided as an economic solecism. The reimposition of the cotton-duties in the nineties under acute financial stress was perfectly consistent with the policy laid down by the House of Commons in 1877. Even if it involved any violation of it, that need not have presented an insuperable difficulty. Past experience shews a House of Commons resolution is not so imperative that it may not be disregarded for administrative reasons.

"The condition on which the British Government sanctioned the reimposition of the cotton-duties in 1894, *viz.*, the levy of an equivalent excise—was not contemplated in the Commons resolution of 1877. It was a new idea. The Government of India, however, had to accept it. But it was further developed in actual working. The excise was insisted upon only 'to the extent to which' goods manufactured in India 'enter into direct competition with goods imported from the United Kingdom.' This would entitle the bulk of Indian fabrics to exemption. Sir Patrick Playfair remarked in 1896:

'Competition on the part of Lancashire mills with the production of the coarser fabrics spun and woven in Indian mills does not exist.'

"Sir, I have shewn above that the consensus of informed opinion before the eighties was that the  $7\frac{1}{2}$  per cent. and the 5 per cent. Indian cotton-duties were not protective in effect, whatever they might be theoretically speaking. A  $3\frac{1}{2}$  per cent. import-duty is much less so. The trade returns support this view. With the exception of 1882, from 1880 to 1885 the imports of cotton goods to India were practically stationary, the figure for 1880 being slightly in excess of that of 1885; 1,670,310,900 yards were imported in 1880 against 1,664,631,000 yards in 1885. 1881, 1883 and 1884 were not marked by any large variation. In 1882, the year in which the duties were completely abolished, the total imports declined to 1,522,158,000 yards. The figure for 1880 was the highest in the sexennial period. The heaviest decline was synchronous with the abolition of the duty supposed by the Commons to be protective. The abolition did not encourage larger imports in subsequent years. In 1886 Burma came to be included in British India in the returns. That year there was in consequence a substantial improvement in the figure, but since then up to 1909 the returns did not shew much progress in the imports. There was not any large increase in the annual total number of yards. In 1886 it amounted to 2,118,838,400 yards, the sudden increase being due to the inclusion for the first time of Burma in the returns, and in the 23 years following the imports oscillated about that figure during 13 years. In the remaining 10 years there was a slump, and they varied from 1,718,224,000 yards to 1,998,167,200 yards, the latter figure being reached in 1903 and approximated in 1902. The theoretical equalisation of trade conditions by the levy of an equivalent excise has not increased the volume of trade. The absence of import-duties during 13 years and their subsequent re-introduction along with an equivalent excise did not affect the import trade to an appreciable extent. The figures disprove the contention that the cotton-duties without an equivalent excise are protective in effect. Indian mill industry has developed meanwhile, and whereas there were only 65 mills with 14,172 looms in 1882, in 1909 we had 259 mills with 76,898 looms. None of this progress is due to any protection or 'fostering care' on the part of Government. Again, the imports of yarns from the United Kingdom shew a heavy decline with the progress of years. In 1909 we imported 36,023,200 lbs. against 54,062,000 lbs. in 1888, 49,734,000 lbs. in 1890, and 50,003,600 lbs. in 1891. The average of the last decennial period (1900-1909), compared to the average of the previous decade, shewed a loss in the annual average of 24 per cent. Compared to the average of 1880-1889, the decline was 26 per cent. It is significant that there is no import-duty upon yarns now. In the years 1894 and 1895, when there was such a duty, the imports were better than the imports in 1909 by 11 per cent. and 13 per cent. respectively. All this is significant commentary upon the theory that the trifling customs-duty which India realises operates as a protective duty unless countervailed by an excise of an equivalent amount.

"Sir, do what Lancashire might, the demand for Indian cotton fabrics has grown within the country. The equivalent excise-duty has not helped the British manufacturers to increase their exports to India. The truth is, the Peninsula is wide enough to provide markets for both the products. The British manufacturer and the Indian manufacturer have maintained their ground, each in his own special line. So long as the natural limitations of climate and raw material exist, the Indian must needs confine his manufacturing activity to the coarser fabrics, and, duty or no duty, the Indian demand for the fine manufactures of Lancashire will last. Britain has nothing to fear from the abolition of the  $3\frac{1}{2}$  per cent. excise-duties. These duties countervail nothing, being levied upon a class of goods wholly different and distinct from those that are imported from the United Kingdom. Without benefiting Lancashire in the least, they hamper the Indian industry by increasing the cost of production and paring down the profits. The repeal will not protect India against Britain. The argument therefore that the abolition of the excise-duties must involve the abolition of the import-duties is pointless, and will not commend itself to the practical administrator. We are not dealing with philosophical ideas but with stern facts, and Government, as trustee of the interests of 300

millions of His Majesty's loyal subjects, cannot, I submit, ignore them, and refuse to repeal the excise from fear of apostasy from Mill's economic idealism.

"Sir, Lord Northbrook, as Viceroy of India, indicated the line of policy which this Government should follow in these matters :

'In all financial questions the true interest of the people of India is the only consideration which the Government of India has to regard.'

"I have no doubt the same sentiment of paternal concern for the people inspires this present Administration. We therefore approach the Government with the humble request that, out of regard for the manufacturing interests of the country, they will be pleased to remove the countervailing excise which, past history shews, only proves a clog to the Indian industry without advancing the industrial prospects of the United Kingdom. Years ago Mr. Massey, as Finance Minister, laid down the Government policy in the matter of taxation with a statesmanlike perception of the administrative needs of the country :

'The Government will be always prepared to remove or lighten any duty which in any perceptible degree checks the prosperity or interferes with the interests of commerce.'

"I believe, Sir, this is one of the immutable canons of taxation of the Government of India. On this principle the excise duty should be abolished forthwith, inasmuch as it hampers the Indian cotton industry. Considerations of an ideal equalisation of trade conditions should not arrest Government action. If the Government is convinced that, as a matter of fact, there is no competition to speak of between Lancashire and India in the Indian market, which I have abundantly demonstrated, the excise must go, even according to the terms of the condition imposed by Her Majesty's Government in 1894. In 1894 and in 1896 the Government of India held that there was no such competition. The experience of the past sixteen years can only confirm them in that opinion.

"Sir, the Reform Scheme has brought with it a new gospel of administrative policy. It has raised new hopes and has instilled new ideas of citizenship in the Indian. The people now expect that the Government should be more responsive to their wishes in the matter of taxation also. It will be a keen disappointment to them if, at the inception, the Government refuse to repeal the excise-duties in response to the popular wish. Sir, the impression will be harmful that, notwithstanding reforms and new privileges, the people stand where they did, the ideas of Government have not undergone any fundamental change, and the country has not so far got any real political power. Allow me to point out, Sir, that the removal of such an impression and the popularisation of British rule in India, which latter must be the objective of the Reform Scheme, can best be accomplished by the abolition of unnecessary and irritating taxes like the countervailing excise duties, thereby demonstrating to the people that the Government of India are ever watchful of the interests of India, and that considerations of those interests predominate in their counsels. His Excellency Lord Hardinge has struck a note of sympathy with Indians which has raised high hopes in them, and they look up wistfully to His Excellency for the removal of a tax which they feel is wholly indefensible.

"Sir, there cannot be any serious objection to the suggested abolition on financial grounds. The maintenance of financial equilibrium with a loss of only 41 lakhs of rupees is surely not beyond the wit of a Finance Minister who last year gave solid proof of skill and resourcefulness in a trying situation. The economy which the Hon'ble Sir Guy Fleetwood Wilson very recently promised to enforce would, I am sure, enable him to forego permanently this small revenue. We have, besides, a net estimated surplus this year of more than half a million sterling and a fairly large budgetted surplus next year. This is a nice opportunity for effecting the suggested fiscal reform. The excise can be very well abolished without any fear of financial dislocation. Even if the repeal caused a strain upon the resources of the Government, for the incalculable moral effect upon the country, it should be boldly faced."

The Hon'ble MAULVI SYED SHAMS-UL-HUDA : "Sir, I have much pleasure in supporting the resolution that has been so eloquently and exhaustively moved



by my Hon'ble friend Mr. Dadabhoy. It is not possible for me to add any thing to what he has said, and I would only remind this Council that by subordinating the interests of India to those of Lancashire we would be dealing a serious blow to the very first principle upon which India is professed to be governed, and I would appeal to those who are the guardians of India's interests to take in this matter the only course which I think righteousness and justice demand."

The Hon'ble SIR SASOON DAVID: "Mr. President, I rise to give this resolution my whole-hearted support. The question which has been raised to-day is of paramount importance not only to the mill industry but also to the general public. I am expressing correctly the sentiments of the commercial public when I say that there is a strong and universal feeling throughout the country against the retention and continuance of excise-duties. It would be needless for me to trouble the Council with the past history of this insupportable and indefensible impost, as the Hon'ble Mover of the resolution has so fully discussed the subject and moreover the official Members have the special knowledge of it.

"Sir, Government has hitherto before justified the imposition of the excise-duty on the ground that it is indispensable for the purpose of removing the import-duties of their protective nature and character. But this position is decidedly against the consensus of opinions, not only of the highly placed Government officials in India, but also of the various public and industrial bodies of influence in India. Whatever may have been then, there is no doubt there are serious grounds for the reconsideration of the subject at the present time in view of the unprecedented depression in the mill industry of the country; and I also venture to assert that the Government should not refuse to reconsider the representations based upon the experience of a decade and a half. It is a well known fact that when Government in 1894 imposed the duty, their decision was in a great measure influenced by the possibilities of the growth of the Indian industry in future to such an extent as to be a standing menace to the mill industry of Lancashire dealing with India. But the trade returns for the last several years have completely laid bare the fact that the apprehensions that were at one time entertained of the unfair competition between Lancashire and India and the clashing of interests have proved groundless. The whole question should now be approached in a liberal spirit, the matter should now be examined in the light of experience gained since the imposition of the countervailing excise-duties. The claim of the Indian millowner is neither unreasonable nor unjust, and he only prays Government for a fair and equitable treatment. The duty does serious injustice both to the industry and the consumer. The fiscal arrangement of the Government of India gives the advantage to foreign markets and a distinct disadvantage to the Indian industry. It is simply an additional tax which the people have to pay. The abolition of it does not necessarily mean an increment of profits to the manufacturer; it would place within the reach of the taxpayer Indian fabric at comparatively reduced prices. A reduction of  $3\frac{1}{2}$  per cent. on the sale price of an article would substantially help the overburdened Indian taxpayer and be a source of permanent relief to his attenuated resources.

"Again, the development of textile industry in this country must be a matter of serious concern to the Government, as it affects the solution of the Indian economic problem.

"Mr. President, only the other day, at the Annual General Meeting of the Members of the Bombay Millowners Association held on 28th April last, the Chairman made the following pregnant observations:—

Talking of the mill industry and of the increased silver-duty reminds us of our old grievance, the excise-duty, one of the greatest drags on the indigenous industry. Public opinion in this country has condemned this iniquitous duty levied to satisfy the so-called free traders of Lancashire and Manchester. Nothing has yet been done in the matter with all our repeated protests.

"It will be obvious from the above that an impression is sadly gathering ground that the Government is not likely to yield to the strong and unanimous protests of the public. The prevalence of such an impression is highly mischievous and the considerations of administrative wisdom necessitate the

abolition of this impost. I am convinced that the soreness that has been caused in the country over these duties will not disappear until and unless the duty is abolished. But if the Government cannot see its way to accede to a popular demand, they might at least declare that the amount so realised annually under the head of excise-duty shall be appropriated and expended towards such schemes as would indirectly promote the interest of the textile industry, such as technical and industrial education and endowments of scholarships for the purpose of technological instruction. I trust and pray Government will see its way to accept the Hon'ble Mr. Dadabhoj's resolution."

The Hon'ble MR. CHITNAVIS: "Sir, it is now a settled conviction with me that the countervailing excise-duties should never have been imposed. They were never necessary, and are not so now. Government cannot do better than to repeal them. I opposed the imposition in 1894. The years that have elapsed since then have only strengthened my conviction. The cotton-duties imposed by Government in 1894 were not protective; a reduction in the rate in 1896 could not make them so. There was never any real competition between England and India in cotton manufacture. Notwithstanding the large increase in the outturn of the Indian mills, there is hardly any even now. The indigenous product is coarse, and must be so so long as the long-staple Egyptian and American cotton is not acclimatised in India and does not grow within the country in sufficiently large quantity to meet the requirements of the mills.

"Lancashire enjoys also other advantages over India which makes competition in cotton manufacture between the two countries practically impossible. The British labourer excels the Indian labourer both in skill and productive power. Expert opinion holds that the total amount of work done by the former is to the work done by the latter as 6 : 1. The Indian, it is admitted on all hands, is incapable of concentrated effort and lacks sustained energy. Mr. S. M. Johnson, of the Upper India Chamber of Commerce, Cawnpore, in a paper read at the First Indian Industrial Conference, proved this by figures.

"The Indian weaver does not improve with time and practice. Mr. Johnson recorded his experience on this point:

'I have had many thousands of Indian workpeople under my observation, and the one invariable feature is that, beyond a very limited extent, and only in rare cases, there is never any improvement—the man of 40 is generally not as good as the man of 30—the man of 30 not as good as the man of 20.'

"Even if, therefore, India tried weaving fine counts on a large scale and as freely as Lancashire, and there was abundance of the right sort of the raw material, she would still be at a long distance behind, and Lancashire goods would command the market here as much as now by reason of the lower cost of production.

"The stores used in cotton manufacture also create a differentiating condition unfavourable to India. Lancashire gets them ready to hand free of duty, while in the case of India they are loaded with import-duties. A 3½ per cent. import-duty upon cotton fabrics cannot surely compensate the Indian manufacturer for so many serious disadvantages, and the suggestion that it protects the indigenous industry involves a lack of true perception of the conditions of manufacture. These conditions will remain disadvantageous for the Indian even with a 10 per cent. *ad valorem* duty upon imported cottons. Under the circumstances the injustice and the unreasonableness of the demand for the imposition of countervailing excise-duties upon cotton manufactured in India will be obvious to all. So long as the Indian labours under the disadvantages mentioned above, small import-duties necessitated by the exigencies of the State cannot possibly protect India against England. In the existing condition of things, the excise-duties, far from equalising trade conditions, accentuate the disadvantages of unproductive labour, dearth of proper material and high cost of production.

"In 1894 the Government of India too was convinced there was no real competition between England and India. But against the weighty opinions of the Government of India, of Sir James Westland, then Finance Minister, and of the various public and industrial bodies of India, the Imperial Government held strong views, and came to the conclusion that the import-duties were protective unless counterbalanced by equivalent excise-duties. The impost gave effect to the mandate of the House of Commons and to the condition on which Her Majesty's Government sanctioned the reimposition of the cotton-duties in 1894. I can well imagine that Government cannot take an independent line, and, however conclusive the reasons, cannot on its own responsibility take off the countervailing duty. But still, I am not without hope. Sir, there is ground for reconsideration of the whole subject, and I am loth to believe that, with its known desire to deal justly with India, His Majesty's Government will refuse to consider representations from this Government based upon the experience of the past fifteen years. Whatever may have been the justification for the fiscal measure in 1894, the situation should now be examined in the light of the experience gained since then; and, if the fears then entertained of an unfair competition between Lancashire and India in consequence of the reimposition of the cotton-duties without equivalent excise-duties are disproved by the facts of these fifteen years, the Indian producer may well in justice claim at the hands of His Excellency a more satisfactory readjustment of the duties.

"The Hon'ble Mover of the resolution has shewn by an examination of the trade returns that Lancashire's fears were and are groundless, and that the  $3\frac{1}{2}$  per cent. cotton-duties are not protective. Why cannot we then invoke the cordial support of the Government of India in our endeavour to get the excise-duties removed with the approval and sanction of His Majesty's Government?

"Sir, the Indian cotton industry is passing through a spell of acute depression. It can be partially relieved by the abolition of the excise-duties. I am aware of the overproduction theory in explanation of the present depression. The argument is not new that there is overproduction, production which the market is slow to take off, and the Indian manufacturers are themselves to blame for the present depression in the trade. But the trade returns would not, in my humble opinion, support that view. The home consumption does not appear to have fallen off. There is surely no slackness in the market, and the question of over-production with consequential glut does not arise. Increased sales with diminished profits point conclusively to increased cost of production and an unfortunate prostration in prices. The great want seems to be reduction in the cost of production, and everything which promotes it must afford relief to the Indian manufacturer. The abolition of the excise-duty will sensibly relieve the pressure upon him.

"Sir, in a vast country like India with its teeming millions there is no fear of over-production. Over and above the 900 million yards of cloth manufactured in India in 1909, we imported that year over 2,000 million yards from the United Kingdom for our consumption. Our total mill production is not even a third of the quantity required by the people. How can then the complaint of over-production be just? If at any time in the present state of things cloth is not sold as quickly as produced, the true explanation should be sought in conditions other than a fancied over-production. Abnormal conditions now prevail in the cotton market, and the ruling prices of the finished articles sometimes do not cover the high cost of production.

"Sir, the case for India is far more just and strong than it ever was for Lancashire. The Lancashire objection was against duties necessitated by the financial needs of the Government and sanctioned by principle and practice alike, because, forsooth, they might prove protective in certain contingencies; whereas the Indian appeal is against a tax which is clearly not wanted for revenue purposes, and which has weighted the Indian industry. It has been the proud policy of the British nation to deal fairly and justly with India. Will the British nation sanction the continuance of this most iniquitous tax upon the infant industry of India? The Indian millowner prays for justice.



How he feels on the subject will appear from Mr. Fazulbhoy Currimbhoy Ebrahim's observations at the Annual General Meeting of the Bombay Millowners' Association held in April 1909:

'We have talked over this duty times out of number, but ours is a cry in the wilderness. The Government agreed to forego the opium-revenue on the ground of sentiment, but they decline to yield to our strong and unanimous protest..... British statesmen should rise to the height of the occasion and abolish an unfair tax. I echo the hope expressed by Sir John Muir-Mackenzie at the last meeting of the Bombay Chamber of Commerce that the enthusiasm with which the new reforms of Lord Morley have been received would be followed by still more enthusiastic applause at the remission of this unfair impost.'

"The resolution before the Council only strengthens the Government's hands, and I have every hope it will meet with the unanimous support it deserves. With these words I beg to support it."

The Hon'ble SIRDAR PARTAB SINGH: "Sir, after the able way in which Mr. Dadabhoy has proposed his resolution, I do not think it is necessary for me to say much on the subject. All I wish to say is that I am sure the British Government will deal with this question in the just way for which this Government is well known. With these words I strongly support Mr. Dadabhoy's resolution."

The Hon'ble SIR VITHALDAS D. THACKERSEY: "Mr. President, I support the resolution moved by my friend the Hon'ble Mr. Dadabhoy. I think the Hon'ble Mr. Dadabhoy deserves congratulation for the modesty and moderation with which he has moved the resolution and the weighty speech he has made on this occasion. He has given a history of the Indian excise-duties, and he has clearly proved that these countervailing excise-duties were levied against the wishes of the Indian people, against the wishes of the Indian Government, and in strong opposition to the interests representing the industry. They were imposed because Lancashire thought that the import-duty of 5 per cent. gave a slight advantage to the Indian manufacturers. I maintain, Sir, that even if the import-duty did give a slight advantage to the Indian manufacturers, it was quite justified, as all the great nations give such advantage to their own industry. We have recently seen Canada agreeing with the United States in helping its own industry in spite of all the clamour that has been raised in Great Britain about it. But I maintain, Sir, as has already been maintained here, that there is no competition between the imported article and the article manufactured in India. We produce in India mostly coarser goods which are consumed by the poor in the country, while the imported articles are of finer structure and consumed by the richer people in the country. Therefore, by putting this excise-duty you will not only be doing injustice to the manufacturing industry but also to the poor of the country. Well, as regards the free trade principles, after the Boer War, when Great Britain levied an import-duty on wheat, there was no question of levying a countervailing excise-duty on the production of wheat in the United Kingdom. I do not know whether at that time this principle of free trade slept; but of course the case in India is different, because we are in this case not treated in the way in which we ought to be treated. The Indian Government should have the full voice in deciding these points. But let us forget the past, and although we have paid excise-duty for the last 15 years, the question is whether this injustice ought to be continued. I think from the way in which opinions were expressed by other Members than those interested in the cotton industry, Government must have been convinced that there is a strong feeling in the country, and that this duty, this injustice, should be done away with as soon as possible. This duty is regarded not only as unfair and unjust, but a general impression is being created in the country that in this matter the interests of the Indian manufacturers and the Indian consumers are being sold to the interests of Lancashire manufacturers. It would be to the interest of cordiality between the rulers and the ruled that this impression ought to be abolished as soon as possible. We have now seen the reforms introduced, and the policy of the present Government is to bring about cordiality between the rulers and the ruled, and they are successful in changing the attitude of the people for the better; and I am sure, if this justice is done to India, that belief will be strengthened. With these words, I support the resolution moved by my Hon'ble friend Mr. Dadabhoy."

The Hon'ble MR. MONTEATH : " Sir, on behalf of the Bombay Chamber of Commerce I rise to state that I am unable to support the resolution of the Hon'ble Mr. Dadabhoy. The Committee of the Chamber in the interests of commerce uphold the view expressed by the Government some few years ago that if excise-duty is abolished the import-duty of  $3\frac{1}{2}$  per cent. must also be abolished.

" It was in March 1908 that Sir Edward Baker as Finance Member stated in Council that it seemed to be certain that if Parliament were approached with a request for the abolition of the duties, the reply would be that this could only be permitted if the import-duty on cotton goods were simultaneously removed. He considered it would be a calamity. On the other hand, he stated it would be quite indefensible to retain our general import tariff if we exempt from it the largest and most important staple of import.

" As the Hon'ble Mover of this resolution does not embody the question of import-duties in his resolution, and as I do not suppose the Government would be prepared to change their pronouncement, I must therefore on behalf of the Bombay Chamber oppose the resolution."

The Hon'ble MR. GOKHALE : " Sir, I rise to accord my support to the resolution which my Hon'ble friend Mr. Dadabhoy has moved, though I do so on grounds somewhat different to those on which he and some of the other speakers who have followed him have based their case. I approach this question, Sir, not from the standpoint of the representatives of the mill industry but from that of a member of the general community. It is well known that when these excise-duties were imposed about 15 years ago, there was a feeling of deep and universal indignation throughout the country, and this indignation was caused by four reasons. Those reasons have been well brought out by the Hon'ble Mr. Dadabhoy in his able speech, and I will, therefore, refer to them only very briefly. The first reason was that the mill industry was at that time in a state of continued depression. The second was that the industry had been hit hard, for the time at any rate, by the currency legislation of the Government. The third was that the duties were imposed not because the Government of India or the Secretary of State thought it desirable to impose them, but because Lancashire dictated that these duties should be so imposed ; and the Government of India made no secret that they were not a willing party to that transaction. Lastly, it was believed that the action of Lancashire in putting pressure on the Secretary of State, and through him on the Government of India, to impose those duties was due not to the fact that there was any real competition between Lancashire and India, but because Lancashire, already uneasy at the strides the mill industry had made in this country, wanted to handicap that industry in regard to its further progress. It was well known that the imports from Lancashire were practically all of them of higher counts, whereas the production of the Indian mills was confined at that time to lower counts and there was really no question of competition between the two. It was these reasons that lay behind the extreme irritation and sore feeling caused, when these duties first came to be imposed upon us.

" I think it is necessary now in the interests of a fair discussion of this question that we should consider if the position has in any way been modified, and, if so, to what extent, in regard to these four circumstances. Taking the first circumstance, we find that there is again a depression in the mill industry ; but it is necessary to remember that during the interval a great wave of prosperity has passed over the industry, and that makes some difference in the situation. As regards the currency question, I think things have had time to settle down on their new basis, and therefore the injury, which the currency legislation had temporarily done to the industry, cannot now be specially urged as a reason for removing the excise-duties. The third reason remains in its full force, *viz.*, that these duties were imposed at the bidding of Lancashire. That remains in full force, and whenever the circumstance is re-called to the public mind, there is even now a feeling of indignation experienced by the people of this country. Finally, the last argument has lost some of its force—I think it is only fair to acknowledge that—because the Indian mills have now gone in for higher counts to some extent,—though it is still a small extent only,—and

to that extent competition has come into existence between the productions of Lancashire and those of the Indian mills. Therefore, Sir, the position to-day is not exactly the same as it was 15 years ago, and the question must be considered afresh, before we can take the same stand that we did 15 years ago in this matter. I may mention that I myself more than once brought this question forward during Lord Curzon's time in this Council and urged the repeal of these duties; but that was before the great wave of prosperity, to which I have already alluded, passed over the industry—a wave that has to some extent modified the situation.

“I think the question must be considered from two points of view; the first is the financial aspect, and the second the larger aspect of economic policy, including the question what kind of economic policy is good for India. Taking first the financial aspect of the case, it is necessary to bear in mind that all great authorities are agreed on this, that revenue-duties must not be subjected to the rigorous canons of Free Trade. As my friend Mr. Dadabhoi pointed out, even Mr. Gladstone—one of the greatest apostles of Free Trade and certainly the greatest statesman of the nineteenth century that England produced—complained of the application of Free Trade principles to this country in all their rigour and ‘without a grain of mercy’. Therefore, revenue-duties must not be judged by the standard by which ordinary protective duties may be judged. Again, as Mr. Dadabhoi has pointed out, we had at one time as high a range as 10 per cent. of import-duties on cotton goods and yet they were then allowed to exist for revenue purposes without any question being raised about putting on a corresponding excise. Looking upon the  $3\frac{1}{2}$  per cent. import-duties on cotton goods, therefore, as purely revenue-duties, the question may be considered whether the  $3\frac{1}{2}$  per cent. excise on cotton goods is necessary for our finances. Now, Sir, at the beginning, these excise-duties produced about 10 or 12 lakhs of rupees only, which was a comparatively small sum. I find, however, that last year they brought in about 41 lakhs of rupees, which is a considerable sum, and in view of the threatened extinction of the opium-revenue, I do not think anyone would lightly propose that such a revenue as this can be sacrificed without a substitute being found for it. I think it is necessary to make that admission. At the same time, though the amount is necessary, I contend that it is possible to raise that amount in another way and a better way, and that, even from the financial standpoint, the duties are objectionable. I contend, Sir, that the main burden of these duties falls on the poorest classes of this country. Normally the duties fall on the consumer; they do not fall on the producer, except in abnormal circumstances. The question—who pays—has latterly come to the front in connection with the Tariff Reform controversy in England, and one reads many bewildering statements made from time to time. I, however, think, Sir, that the position which ordinary political economists occupy in this matter is a sound one, namely, that, in normal circumstances, a duty ultimately falls upon the consumer, whereas in abnormal circumstances it may occasionally fall on the producer. Sir, if it was the case that these excise-duties fell on the producers and not on the consumers, I would not stand up here to support their abolition to-day. My friend, the Hon'ble Mr. Dadabhoi, complained of the extreme depression of the mill industry, and several other Members have also spoken in similar terms. I think, however, that it is necessary to point out that, before this depression came, they had a spell of extraordinary prosperity; some of the concerns are reported to have made profits of about 30 and 40 and even 50 per cent. in a single year; when, therefore, bad years come, we should not forget the good years that went before. If we take an average of good and bad years, I am not quite sure that there is such a strong case to urge for the abolition of these duties from the standpoint of the condition of the industry. Except in such abnormal times at the present, I think it is absolutely clear that the duties fall, not on the producer, but on the consumer, and the consumers of the rougher counts are the poorest of the poor. Therefore, the bulk of the duties is drawn from the pockets of the poorest of the poor, and as such they are a most objectionable impost, and should be done away with. As regards the loss of revenue which will ensue, I have a proposal to



make which I will make before I resume my seat. So much about the financial aspect.

"Coming to the larger aspect of Free Trade *versus* Protection, I would like briefly to state my position in this matter. I may say at once that by conviction I am not an upholder of Free Trade in all countries and at all times. Free Trade can no more prevail universally at present than any other noble ideals, for instance, the brotherhood of man. While the great Powers of the West are preaching the brotherhood of man for one day in the week, they are practising some other faith for the remaining six days and the armaments are going up everywhere. In the same way Free Trade for all countries may be all right in theory, but it will be a long, long day before we shall have it in practice everywhere. And till that time comes, every country must take care of its economic interests in its own way. Now, Sir, most countries have adopted Protection as their economic policy. It is, however, necessary to remember that there are two kinds of Protection, the right kind and the wrong kind. The right kind of protection is that under which the growing industries of a country receive the necessary stimulus and encouragement and support that they require, but under which care is taken that no influential combinations, prejudicial to the interests of the general community, come into existence. The wrong kind of protection, on the other hand, is that under which powerful influences and combinations and interests receive assistance to the prejudice of the general community, the general taxpayers of the country. And I believe that the right kind of Protection, if available, will do good to India. But, Sir, situated as India is, I fear there is no likelihood of that kind of protection being available to us, and it is my deliberate conviction that, in our present circumstances, a policy of Free Trade, reasonably applied, is after all the *safest* policy for us. If the Government of this country were conducted in accordance with the wishes and the opinions of the people, not merely as imagined by the Government of India, but as ascertained by means of a constitutional machinery existing for the purpose, then of course the situation would be a different one. In the self-governing colonies, where they are able to impose protective tariffs (and in fact every colony has its huge tariff wall, as we all know), the Government is carried on in accordance with the wishes of the people constitutionally ascertained. Where that guarantee exists, it may be assumed that the taxpayers of the country are able to take care of their own interests and further that they are able to influence the decisions of the Government. But, situated as we are to-day, we are entirely dependent on the Government of India, and, more even than the Government of India, on the Secretary of State for India in Council, in this matter, as they have all the power. We may offer observations, we may criticise the actions of the Government in this country, but we are a long way yet before the Government of the country is carried on in accordance with our wishes, constitutionally ascertained; and until that state of things arises, until, at any rate, we grow so strong in our influence and our position in this Council that the Government will think it necessary to accept and act on our views, I really think that, on the whole, a policy of Free Trade, reasonably applied, is the safest policy for this country; otherwise influential interests, influential combinations, influential parties in England, who can have ready access to the Secretary of State, to whom we have no such access, will not fail to take the fullest advantage of the situation; and this huge engine of protection, which is a vast power, will be employed, not in the interests of the people of India, but in the interests of those parties. That being so, I do not think we should go in for the advocacy of protection, as such, in the present state of the country, and I for one will not be a party to such advocacy. I do not therefore join in the plea that the abolition of excise-duties would be a measure of protection to the Indian industry and that the Government should accede to it on that ground. But, independently of that, we have a strong case for urging that these duties should be abolished.

"One word more I would say before I come to the concluding part of my remarks, and it is this: that in this matter of securing the right kind of protection, there is really not much to choose between the two parties in

England. The Liberal Party is, of course, committed to Free Trade openly ; Tariff Reformers appear to favour a policy of protection ; but it was made abundantly clear, in the course of the last but one election, by prominent members of the Tariff Reform Party—Mr. Bonar Law, Lord Curzon and, if I remember right, even Mr. Balfour—that, while they would like to have Tariff Reform as England's policy, they would insist on keeping India in bondage, so far as her fiscal policy was concerned. It is true that in one of the leading Conservative papers in England, the *Morning Post*, some striking contributions have recently appeared, favouring a policy of fiscal independence for India ; but, before we reach that independence, we shall have to traverse a good deal of ground, and for the present, at any rate, I do not regard the question as within the pale of practical politics.

" I now come to the proposal which I wish to make. I suggest that the excise-duties should be limited to the higher counts only, in regard to which there is competition between England and India. Roughly, I may say that all counts below 30 should be exempted. That would mean the abolition of the bulk of the excise-duties. Such abolition would be a just measure of financial relief to the poorest of the community. To make up for the loss thus occasioned, I suggest that the import-duties on cotton goods be raised to 5 per cent., the countervailing duty in India, limited to counts above 30, being also raised to 5 per cent. at the same time. You will then not sacrifice any revenue. Taking the imports of cotton goods at, say, 20 millions, an increase of  $1\frac{1}{2}$  per cent. in the customs-duty will mean about £300,000 or 45 lakhs more to the exchequer, and that would be more than 41 lakhs realized from the excise-duties last year. Besides you will have in addition a five per cent. excise on all counts above 30s produced in this country. There will thus be no loss and probably some gain to the finances of the country by this course. With these observations I beg to support the resolution."

The Hon'ble MR. MUDHOLKAR: " Sir, I have very great pleasure in supporting the resolution moved by my Hon'ble friend Mr. Dadabhoy. I consider it my duty to do so because I am the only representative here of a province which is largely interested in the cotton trade, and which in course of time will take its proper place in the cotton fabric industry of India. I do not wish to make any long observations. At the same time I would be failing in my duty to my province and to those of my countrymen who are engaged in what is the most important manufacturing industry of the country if I did not make clear my support of what has been so ably and so exhaustively put by Mr. Dadabhoy. Sir, the Government owe it to themselves - all Englishmen owe it to themselves—to repeal this anomalous and iniquitous impost. Sir, we do not wish to rake up the past. But anybody who studies the past history of this country, anybody who reads Mill's *History of India* and reads the well known small note of Professor Wilson there, which shows how the Indian textile industries were handicapped in the early part of the 19th century by the prohibitive tariffs imposed in the United Kingdom, and compares with that the policy which is now being followed, he cannot but feel indignation at what has been forced upon the Government of this country.

" Sir, I shall be failing in my duty to this Council if I do not remind them, what must be well within their knowledge, *viz.*, of the vow which several men, after this impost was forced on India, took not to use any goods coming from Lancashire. These are people who take other things from England, but they say 'Lancashire has thrown upon us an unjust impost, we shall not use any Lancashire goods. So long as this unjust impost continues we shall avoid all Lancashire goods.' Now it is probable that that resolve may not go far to diminish the imports from Lancashire. But the feeling of injustice, of injury, is not one which the Government should ignore.

" I would appeal to this Council—I would appeal to the Government—on this higher ground than the mere consideration of the present condition which has been advanced in support of the resolution.

" The question of free trade and protection does not, I think, arise in this case. The import-duty on cotton was, really speaking, imposed for purposes

of revenue, and there could be, as can be shown abundantly, no valid objection that it afforded any protection whatsoever in regard to the lower counts. The Indian mills then produced, and even now produce, lower counts for the most part, while the imports of English yarn and cloth were of the higher counts. There is some medium cloth and superior cloth, however, produced in this country, and to obviate the difficulties in regard to these a countervailing excise-duty may be deemed necessary. And indeed, originally, as the duty was imposed, it was imposed only as a countervailing excise-duty of 5 per cent. with regard to those articles which came into competition with imports from Lancashire. But the powerful cotton manufacturing interest in Lancashire brought further pressure to bear upon the Ministry, and the present  $3\frac{1}{2}$  excise-duty on all cloth was thrust upon us. Sir, the question is one which deserves to be approached from the standpoint of the statesman, and I would therefore ask all Members of this Council—those who are non-officials as well as those who are officials—to consider whether it would not be just both to themselves and to the people of India to remove an impost which has created such universal resentment and indignation throughout the country."

The Hon'ble MR. GRAHAM: "Mr. President, for myself, I do not propose to record a vote upon the motion before us this morning. My reason for not doing so is because the opinion of the members of the Chamber, which I represent, are so divided with regard to it. Among the members of the Bengal Chamber of Commerce there is a very great divergence of opinion on this subject, and this was shown very distinctly at the conference of the Chambers of Commerce in India held in Calcutta some years ago. A similar resolution to this was then brought forward, and the Bengal Chamber, for the same reason as I now give, did not record a vote; and I therefore shall not record my vote to-day."

The Hon'ble BABU BHUPENDRANATH BASU: "Sir, I have only a few observations to offer on this resolution. After the very exhaustive way in which my Hon'ble friend Mr. Dadabhoi has dealt with the question and the elaborate way in which he has entered into the various arguments for and against the retention of these duties, it will be tiresome to the Council to go into those facts. There is one question, however, which is of great importance, and that question incidentally has been raised in this discussion, viz., whether for India, situated as she is, the policy of Government should be one of protection or of free trade or of restricted free trade. It is very difficult on an occasion like this to go into a dissertation on a question of this importance, and the professors of free trade would stand aghast if the representatives of enlightened public opinion in India were to press forward at this time of the day her claim to be a protected country. In our younger days, when we were pouring over the pages of Mill and Fawcett and Adam Smith, we became confirmed free traders, and we continued to be so for a great number of years; but recent events and the course of things have shown that the views upon which we nurtured our thoughts in our youth on the question of the commercial policy of this country may not, after all, be correct. As my friend, the Hon'ble Mr. Gokhale, has put it, most of us feel that protection in some shape or form is necessary for the furtherance of the industrial enterprise of this country. There is the danger—always the danger—of a powerful clique at home getting round the Secretary of State, a powerful party in the House of Commons, a powerful faction having a large control over the electorate in England, getting round the Secretary of State and committing him to protection of industries which would only be beneficial to that faction or party, and would be detrimental to the interests of the general rate-payer: there is always that risk. The history of railway enterprise and of many other things in this country has shown that that risk is not altogether to be neglected; but there is this thing to be considered. Where there are industries capable of being developed in India, industries coming into the field of competition with foreign countries, would it be wise or unwise to foster the growth of these industries, and would you be able to do so without some method of protecting these industries here? Supposing we have got unrestricted free trade. The result is that we, so unequally equipped



with appliances, with machinery, with materials, with knowledge, are made to stand on the same platform with highly advanced nations who have made great progress. To say in any particular industry that India must take her chance with England or Germany would be to say to India that 'so far as you are concerned you must go to the wall.' It is like the competition between a tall man of six feet and several inches and a dwarf, with equal implements. Give to each of these combatants weapons of equal size and tell them that 'you are on a par so far as weapons are concerned and you fight your own battle out.' The result will be just as evident as the result of a competition of a country like India with the far advanced countries of the West.

"Sir, in my own experience, when Lancashire goods were for the first time introduced, we had a very large class of manufacturers in the country—the Bengali weavers—who used to make a decent livelihood from their own manufacture. Then came these Lancashire goods—*dhoties* which we Bengalis wear. For some years they were not able to make an impression upon the market, but gradually their cheapness and the way in which they became more and more adapted to the needs of the people practically completely effaced the indigenous industry of Bengal. Then came the great Orissa Famine, and the result was that the famine practically wiped off the weaving communities of Bengal. It is all very well for other people to say—professors of free trade in European countries—that if one class of manufacture were taken away, the men engaged in that class of manufacture would take to some other industry. That state of things has not arisen in India, and the agricultural conditions of India are such that it would be impossible for a class of labourers like weavers to rush off to land all at once. As you all know, Sir, land here is the heritage of a particular class of people—the Indian agriculturist. It is not easy to get land at all to cultivate; and this cultivation is the result of experience accumulated through untold centuries, and it is not possible for the weaver to leave his loom and go to the plough. So in the case of many other industries—the braziers for instance, they are feeling the pinch now. And when famines come and seasons of scarcity, these people—the non-agriculturist classes of India—are put under a very severe strain. The question of free trade in India is not such a simple question as the great philosophers who propounded that doctrine and illuminated it with an exuberance of detail and of knowledge which must always elicit admiration would wish us to believe. Applying Indian conditions to the consideration of the question, it will be difficult to say that India should be in all aspects a free trading country. But, apart from this question of principle—coming to this very question that is before us—there is one element which ought not to be lost sight of. I quite appreciate that an income of 41 lakhs is not to be lightly treated; but, as my Hon'ble friend Mr. Gokhale has said, that if we reduce the duty from 40s to 30s, we shall practically not be interfering with the import of cotton goods, and we shall still have some margin left. Then if we enhance the import-duties on the superior counts only—for climatic conditions, India cannot enter into a competition with England—we shall be doing no injustice to the English industry. It may be said that the higher price that such a procedure would entail would probably curtail the demand for the finer counts that now exists in India. So far as Bengal is concerned, Sir, where I believe the finer counts are mostly in use, I can say from my own experience of our people that a little extra price for finer counts—an extra price which will be inappreciable—will not affect the consumption of these goods. In Bengali homes, even to-day, many people prefer the finer and costlier manufacture of the Indian weaver to the comparatively coarser manufacture of the Lancashire loom.

"I believe it is possible to find a substitute for the loss of revenue that the course suggested by my Hon'ble friend Mr. Dadabhoi might entail. Then, Sir, there is the other question which to you—the Government of India—is of the greatest importance, *viz.*, whether you should or should not make the people believe that you—the Government—are keeping foremost before you the ideal that though you are here as representatives of the English race, safeguarding the interests of England and protecting the interests of India, you always bear in mind the great lesson that you have set before you, the burden that

you have undertaken, that you are striving for the promotion and elevation of a race whom you considered less civilised and less happily situated than you are and are working primarily for their good. If that were lost sight of, if we felt that the connection of England with India is a connection merely for the purposes of gain, the great moral basis upon which British rule in India is founded would be considerably weakened, if not absolutely done away with. I am glad to be able to say, Sir, that, in the past, the Civil Service of India has manfully stood by the Indian cause, even against urgent demands from England. The history of Indian expenditure conclusively proves that our service has always been our staunchest friend in that respect. Those of us here who were able at the time when these duties were imposed to read the debates that took place in this Council, will gratefully bear in mind the strong stand that was made by the representatives of your service against the imposition of this tax : and even the Finance Minister of the day had to make a strong apology for having introduced that measure. And the only explanation that he gave was that it was a mandate which he could not disregard.

"Sir, after all material things do not last. May be, Sir, in the course of time, your great exploits on the field of India will be forgotten; Plassey and Subraon may be forgotten. But I can assure you that the great lesson which you have inculcated to Englishmen in India that they place before themselves the highest ideal of public duty of service to the country which to them is their foster mother will not be forgotten. Thermopylæ and Marathon have been forgotten, or, if they are remembered, they are remembered to-day as mere memories in the history of the human race; but, Sir, the great lessons of Socrates and Plato still subsist and they inspire men in both hemispheres, and as long as the human race exists, so long as the human mind will aspire to go beyond the circumscribed surroundings of the day, those great lessons will not be forgotten. And I also say, Sir, that in the history of mankind, so long as unselfish devotion is cherished as the highest ideal of human life, I would respectfully urge upon you, Sir, members of the Civil Service, the ruling class of India, to bear in mind the great lesson which you have put before this country and to act up to it."

The Hon'ble MR. MADGE: "Sir, If there were much prospect of the Hon'ble Mr. Gokhale's suggestions being impressed on the financial policy of the country, I should have warmly supported them; but as there is no prospect of that result, I beg to support the original resolution for two simple reasons. The first is that the whole burden of this excise-duty falls upon the voiceless masses who, strictly speaking, have no proper representation here, and for whom on that account the Government are called upon to care all the more. The second reason is, Sir, that this tax has not really removed the tension, on the pretence of removing which it was forced on this Government from home. It has been abundantly shown that there was really no competition at that time because of the great difference in two classes of goods. For these two simple reasons I support the resolution."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN: "Sir, the subject has been fully dealt with by the Hon'ble Mover and others and I need not add anything further. It is a question that no well-wisher of India can have two opinions about unless bound down by duty or statute. I give my full support to this resolution as conscience forces me to do so, and I urge sincerely to the Government and the Council that this motion should not be treated like fancy resolutions which are sometimes made for self-advertisement merely. Sir, I have been always putting the opinions of the general public before the Council which are sometimes different from those of some of my Hon'ble friends who only represent certain educated classes. But in this particular connection I think all sections of the people without exception are agreed and all want this duty to be abolished."

The Hon'ble MR. SACHCHIDANANDA SINHA: "I do not think, Sir, it is necessary for me to say anything on the resolution, after the support given to it by my Hon'ble friend Lieutenant Malik Umar Hayat Khan. His support on a question of this character is certainly a very great recommendation to the

resolution which my friend the Hon'ble Mr. Dadabhoy has so ably moved to-day. It is only to impress the Council with the fact that all the provinces of India are agreed that the abolition of this excise-duty is necessary, that I rise to give my cordial support to Mr. Dadabhoy's resolution."

The Hon'ble MR. SUBBA RAO: "On behalf of the province of Madras I rise to give my cordial support to this resolution which has been discussed at great length, and urge on the Government the repeal of these countervailing duties. I may say, Sir, that one thing more than any other which comes out clearly in the fiscal history of India is that England has not treated this country fairly. The present duties, I submit, form a standing grievance against England, and early steps must be taken to remove these duties and see that the statute-book is not disfigured by the presence of a duty of this kind.

"I may say, Sir, that the country has accepted cheerfully the Reform Scheme more as an earnest on the part of England that the government of this country will be carried on with the consent and good will of the people and in their interests. I urge on the Government to prove by the abolition of these duties that the faith of the people in England is amply justified.

"I may mention Sir, that even Mr. Chirol, the famous correspondent of the *Times*, considers that these duties ought to be abolished, and I submit that early steps should be taken to remove this grievance. I think that when I have mentioned the name of Mr. Chirol, I have mentioned all that can be said in support of this resolution."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "I will not take up the time of the Council by repeating the arguments which have been advanced so ably by the Hon'ble Member in support of the proposition which he has brought forward before the Council. I invite the attention of the Council and Government to one particular point only.

"At this moment there are two opinions regarding the cotton excise-duties. One is that these duties were never needed in the interests of the manufacturers of England. A great deal has been said to show that this is really the position; that the cotton trade of England did not require the protection which it was said would be given to them by the imposition of the countervailing duties. The opinion of the Government of India was in favour of that view and the arguments which have been advanced support that view.

"The other view is that, whether it needed the protection or not, the trade of England has been somewhat benefited by the imposition of these duties. Now, Sir, I will assume that this latter view is correct. I will assume that the trade of England has to a small extent benefited by the imposition of these countervailing duties upon cotton goods in India. And I would ask the Government both here and in England to weigh the possible gain from these duties to English manufacturers, and to place against it the loss which the Government of India suffers, and must suffer in the estimation of the people of this country, by the widespread conviction that has settled in the minds of the people throughout the country that this duty was imposed not to meet the needs of the Government of India, but to satisfy the demands of a class of manufacturers in England. At this moment, Sir, and for some time past the Government of India have been anxiously endeavouring to promote good feeling between the Government and the people, and specially to remove the bad feeling which had unfortunately been growing in the minds of a large section of the people. The supporters of the Government have also been earnestly endeavouring to co-operate with the Government in this direction. It is difficult for those who honestly and earnestly endeavour to promote the feeling among the people that the Government is doing the best it can for the people, to meet the arguments advanced in regard to the maintenance of these duties on cotton goods. And I submit from that point of view alone the removal of the duties is a matter of greater importance to the Government than the gain of a few lakhs to the Treasury every year. But the case for their removal becomes much stronger when we remember that the duties were never justified and cannot now be justified, that they are really iniquitous, and that the industries of this country require all the fostering care which the Govern-



ment can give to them. From both these considerations, it is very desirable that the Government should accept this resolution, and thereby earn the gratitude of the people throughout the country."

The Hon'ble MR. CLARK: "I think anyone who has listened to this debate to-day will agree that the Hon'ble Member who has brought this resolution forward to-day was well advised to do so. It would be idle to deny that the existence of these duties has been a source of irritation in the country—of irritation which has continued now for a long time. But it seems to me that one of the greatest benefits derived from the enlargement of this Council and from the extended powers of debate conferred upon it by His Excellency's predecessor is that it enables this kind of subject to be fully and freely discussed. Such an exchange of views must be of value to us here, and if, as we trust, the general public sometimes reads our debates, we may hope that it will be of some value also in the larger world outside.

"One feature, Sir, of the debate to-day has been that it has been exceedingly one-sided. Out of a dozen or more speakers, only one I think has had anything to say for the cotton excise-duty. That one, it is true, is a very important exception, because he represents the Bombay Chamber of Commerce. The other speakers have combined in condemning the excise-duty in its inception, in its effect on the development of the industry, in its influence on it at the present day. No one, I think, has had a good word to say for this unfortunate impost. It has been attacked by a diversity of arguments which have been somewhat bewildering and indeed some of which have been perhaps not devoid of self-contradiction. I must confess in this matter that I was rather puzzled by the line of argument adopted by the Hon'ble Member who moved this resolution. He laid great stress on the present depression in the industry. His resolution is based on that depression, and he has drawn an eloquent picture of the difficulties surrounding the mills to which he seems to regard the duty as being very largely contributory. But at the same time he devoted a considerable part of his speech to proving, or endeavouring to prove, that the import-duty, if the excise-duty were withdrawn, would not be protective. Now, I must confess I do not quite see how, if the import-duty is not protective, the abolition of the excise-duty is greatly to benefit the industry, except perhaps in its competition with the local industry, and that is a point to which I think he scarcely referred. Indeed, the Hon'ble Member tries to prove too much. He wants to show that the existence of the excise-duty has been a burden on the industry and is a burden on the industry; he wants to show that the import-duty without the excise would not be protective, and yet that the abolition of the excise would benefit the industry. I submit that all those contentions cannot possibly be correct.

"In the first place, it is at least very doubtful whether the excise-duty has any real connection with the present depression. Indeed, I think it can be shown that it has practically no connection with it at all. The depression is not peculiar to India; it has been felt in the cotton industry throughout the entire world. There has been reckless over-production in all manufacturing countries, and during the past year there has been a most serious increase in the cost of cotton. In 1910 the average price of raw cotton in India was  $6\frac{1}{2}d.$  per lb.; the average price for the five preceding years was just under  $5d.$  per lb., showing an increase of 30 per cent. It is hardly to be wondered at that such an increase as that should have impeded the industry very seriously, and it is well known that the mill-owners in India have found great difficulty in obtaining their supplies of raw material. But, Sir, similar conditions have existed in the other producing countries; the increase in the price of American cotton in Manchester almost exactly corresponds to the increase in the price of Indian cotton here. In these circumstances I think the existing depression cannot be attributed to foreign competition, nor are there any indications of the market having been flooded with foreign goods.

"No doubt the export trade to China and Japan, as the Hon'ble Mr. Dadabhoy has pointed out, has very largely fallen off. He attributes this, if I understand his arguments correctly, in a considerable measure to what he calls the increase in the cost of production due to the excise-duties. I do not

understand how a duty on the finished article can increase the cost of production, still less how it can affect the export trade, as the excise-duty is refunded in the case of exported goods. But there is another circumstance, Sir, which seems to show quite clearly that there is no real connection between the duty and the existing depression. Several Hon'ble Members, and certainly the Hon'ble Member who moved the resolution, have referred to the fact, which we must all regret, that over 20 mills have shut down recently in Bombay. But he did not mention that these mills are all spinning mills. I believe it is the case that there is not a single weaving mill shut down at the present time. The excise-duty, as everybody knows, is imposed only on cloth, and yet we find that, in Bombay now, it is in point of fact the weaving section of the industry which is enabling manufacturers to carry on the struggle. It is difficult then to believe that the remission of the excise-duty would result in permanent relief to the industry.

"But has the effect of the excise-duty really been disastrous to the industry in the past? The facts disclose a very different story. In 1896 there were 157 cotton mills in India; in 1909 there were 232, an increase of 75 or nearly 50 per cent.; and this year I gather from the Hon'ble Mr. Dadabhoy's figures the number is even greater. There has been, too, a great increase in the productiveness of these mills. Single years in these matters never afford a very satisfactory basis for comparison as they are liable to casual fluctuations; so I have taken figures for triennial periods. For the three years ending 1898-99 the average production of yarn, which being free of duty is on virtually the same footing as cloth, was 466 million lbs.; in the corresponding triennial period ending 1909-10 the average production was 641 million lbs.—an increase of 175 million lbs. or 38 per cent. In the same periods the average production of cloth has risen from 323 million yards to 865 million yards—an increase of 542 millions or 168 per cent. It may be argued that though the productivity of the home industry has increased, the imports of foreign goods have increased also. This is true as regards cloth, but the increase has not been at nearly so rapid a rate as in the case of the Indian industry, and in respect of yarns there has been an actual decrease. Taking again the triennial periods ending 1898-99 and 1909-10, respectively, we find that the net imports of yarn have fallen from an average of 50 million lbs. in the earlier period to 39 million lbs. in the later—a decrease of 22 per cent., and the average net imports of cloth have increased by only 9 per cent.—from 1,906 million yards to 2,184 million yards. No one will deny that the production of cloth still falls far short of the imports; but the great increase in the Indian production as compared with the relatively small increase in the imports, shows, I think, that the Indian industry is very far from being crushed by importations from the United Kingdom and elsewhere, and, instead, has made a very considerable advance on its competitors. Probably, if the excise-duty had not been imposed, the immediate development of the cotton industry in India would have been more rapid; but, in view of the figures which I have cited, it cannot, I think, be maintained for a moment that the excise-duty has in the past crippled the development of the industry or still less that it is crippling it at the present time.

"Sir, the history of the imposition of the duty has been dealt with very fully by the Hon'ble Mr. Dadabhoy and by other speakers, and I do not propose to say much about it now. If one may say so, it is not really very relevant to the economic discussion which he has initiated to-day, except in so far as it explains the strong feeling which has always existed in India on the subject of this duty. No one can doubt that that feeling is a perfectly genuine one. Indian sentiment regards this duty as having been imposed in the interests of Lancashire manufacturers, or at best to satisfy the fiscal purism of English statesmen; and looking at it in that light one cannot be surprised that they should resent it and wish to see it repealed. Sir James Westland himself, when speaking in this Council on the Bill imposing the excise-duty, expressed his personal dislike of the measure with a candour which a less robust age might consider indiscreet, and I was not surprised that the Hon'ble Mr. Dadabhoy quoted largely from his remarks. It is greatly to be regretted that this

feeling should have been aroused ; it has spread beyond the confines of the cotton-duties and stirred up suspicion that in commercial matters India is not governed solely in Indian interests ; but I do not think it should be allowed to weigh unduly with us now when we are considering the purely economic and financial question of the excise-duty as we find it to-day.

“ One point, however, emerges from the controversies of 1894, and though in itself a commonplace it is one which is apt sometimes to be neglected. It is this. The tariff then imposed was imposed in a time of great financial stress solely to secure revenue which was urgently required. Since 1882, when the prosperous condition of the Indian finances enabled the fortunate Finance Member of that day to dispense altogether with the general import-duties, there had been no customs-duties in India except on special articles such as arms, liquors, opium, salt, etc. But in 1894 the financial pressure caused by the fall in the value of the rupee compelled the Government to seek fresh sources of taxation, and they turned to the re-imposition of the import-duties. Nothing can be more clear than that they were actuated solely by the necessity for raising more revenue. It has often been maintained—and the contention has been brought forward several times to-day, especially, I think, by the Hon'ble Mr. Gokhale—that if a revenue duty also results in a certain measure of protection to an industry, that industry is entitled, so to speak, to the windfall. It sounds a harmless enough proposition ; it even carries with it the pleasing suggestion that you can get both protection and revenue from a duty at the same time. But this is precisely what it cannot do. In so far as the duty proves protective, it keeps out goods which would otherwise come in ; and the revenue which should have been derived from those goods is lost, while the burden on the consumer is not necessarily diminished. In fact it violates the main principle of a revenue tariff, which is to obtain the greatest amount of revenue possible relatively to the burden on the consumer.

“ Let us consider then what would be the effect on the finances at the present moment if these duties were given up. In the early years of its imposition, the cotton-duty realised some 12 or 13 lakhs. Its yield has risen steadily in recent years and now amounts to the large sum of 41 lakhs. But this sum alone would not be the measure of the loss which its abolition would bring to the Exchequer. The customs-duty on cotton goods forms the most important item in our customs-revenue and brings in now on the average some 130 lakhs. The profits in modern industry are cut very fine and there is every reason to believe that a duty of  $3\frac{1}{2}$  per cent. will to some extent prove protective in its operation ; and in so far as it proves protective, the State will lose customs-revenue. The Hon'ble Mr. Dadabhoy, it is true, contends that the duty will not be protective in its effect, and I shall have something to say on that point later on. It is scarcely possible that it should not have some—probably a considerable—protective effect ; and it is, I submit, a very serious thing to put forward a proposal which might imperil a large proportion of the customs-revenue from cotton goods. I trench with great diffidence on the domain of my Hon'ble friend the Finance Member, but I think I may safely point out that with the prospective loss of the opium-revenue before us, this is not a good moment, in spite of the surplus of this year, to suggest any reduction in existing revenue. It is not easy to see from what source this revenue could be replaced, and Hon'ble Members, with the exception of the Hon'ble Mr. Gokhale, have not been fruitful in their suggestions as to how it should be made good. As to the Hon'ble Mr. Gokhale's suggestion, I propose to say something presently. If the revenue is not made good, the loss, as I have said, would be 40 lakhs in respect of excise-duty alone, and when the probable inroads into the customs-revenue are also taken into account it might well amount to 60, 70 or even 80 lakhs—a sum which would tax even the resourcefulness of my Hon'ble friend to replace. For the demands for fresh expenditure on subjects such as education, sanitation, etc., are urgent, and they are demands with which we must all sympathise. The Hon'ble Sir Sassoon David suggested that if Government could not agree to accept this resolution and to press the Secretary of State to allow the duty to be abolished, they might

at least ear-mark for technical education the proceeds of this duty. I do not think that is really necessary. The amount which is to be given to technical education is settled and put in the estimates for the year, and to ear-mark this source of revenue would not increase the amount allotted to that purpose. It really comes to the same thing, whether the money is drawn from the general revenue or from the yield of one particular tax. Considerable provision has already been made for the purpose of technical education, but the resolutions discussed earlier in the week indicate that Hon'ble Members do not yet consider it adequate. I repeat, therefore, that with a prospective loss of revenue and probably increased demands for expenditure before us, it would be a most serious thing to contemplate giving up so much revenue.

"Loss of revenue would be the immediate effect of repealing the excise-duty; but there are other factors which we ought to take into consideration. There is one point of some importance which has not yet been referred to. The Hon'ble Members who have supported the resolution seem to have forgotten the interests of the hand-loom industry. This industry is still a very large one in spite of the competition of the mills; its consumption of yarn at the present moment largely exceeds the consumption of the mills. The exact figures are not easy to ascertain, but it has been estimated that the hand-loom consume annually some 250 million pounds of cotton yarn as against some 200 millions taken by the Indian mills. When the excise-duty was imposed on the produce of Indian mills, it was not considered practicable to impose it also on the output of the hand-loom. Hence the hand-loom industry enjoys a certain advantage in its competition with the mills; and I think it would be a serious thing to contemplate the withdrawal of that advantage by the withdrawal of the excise-duty. Perhaps it may seem illogical to argue at the same time against the hand-loom industry being deprived of this measure of protection, and against the mill-owners receiving such measure of protection as the customs-duty would afford if the excise-duty were abolished. But there is one very obvious distinction. In the one case we are dealing with a protection which already exists; in the other case Government are asked to take the responsibility of creating it. In the one case, no revenue is at stake, for no one has, so far as I know, ever seriously proposed the imposition of an excise-duty on the hand manufactures; in the other we are asked to forego a large and increasing source of revenue. In more highly organised countries it may be desirable to see modern methods oust the old in a rapid process of development; but no one, I think, would urge that it would be a good thing for India if her local industries were too rapidly absorbed. The maintenance of the hand-loom industry is of great importance to the prosperity of the country, and it is a serious responsibility to advocate the taking of any step which might prove detrimental to its interests.

"Lastly, Sir, there is the question whether the customs-duty is or is not protective. It has been urged that in practice the customs-duty without a countervailing excise-duty would have no protective effect and consequently that the excise-duty might safely be foregone; and this is pressed on two grounds—firstly, on the ground that the duty of  $3\frac{1}{2}$  per cent. is too small to make any appreciable difference, and, secondly, that the types of goods manufactured in Indian and British mills are not the same and therefore do not enter into competition with one another. As to the first of these contentions, I think that any one who has had experience of modern trade conditions, of the narrow margin on which working is carried on, and the small profits with which the manufacturer has often to be content, would hesitate to assent to the doctrine that a duty of  $3\frac{1}{2}$  per cent. would not prove in some measure protective. One cannot help thinking that the existing consensus of opinion of the mill-owners in favour of getting the duty removed in itself seems to indicate that they, at any rate, believe it would prove protective. On the other hand, it is no doubt true that the competition between Lancashire and India does not extend over the whole field of cotton production. In the grey goods trade Indian mills already have the supremacy while in the highest qualities of bleached or coloured goods the superiority of Manchester over India is probably so great that it is not likely to be impaired



by a differential duty of  $3\frac{1}{2}$  per cent. Where the import-duty would become protective is in the intermediate grades of goods, where actual competition occurs. On a similar principle the Hon'ble Mr. Gokhale suggested this morning that the revenue which we lose by the abolition of the excise-duty could be made good by exempting from duty all goods up to 30s and imposing a duty of 5 per cent. on all goods above 30s. I think the answer to that is that a similar plan was actually tried when the late Sir Henry Fowler was Secretary of State, and was found impracticable because it proved impossible to draw a satisfactory line between the different classes of goods. The difficulty is that the manufacturers are too clever for the revenue. You will find that goods which now would come in as over 30s would somehow enter in the free class. The revenue in fact would suffer and would probably suffer very considerably. I think there can be no doubt, in view of the experience in Sir Henry Fowler's time, that there would be grave objections to a plan of this kind. There is another point, too, on which I differ with the Hon'ble Mr. Gokhale. He said he was specially moved to speak against the excise-duty on the ground that its incidence was on the poorest classes. He said, I think, that if it affected only the mill-owners he would not mind. But if this duty were abolished, is it so certain that the consuming classes would get the benefit? The mills are at present in competition as regards the poorer class of goods with the hand-loom industry, and probably at first the abolition of the excise-duties would bring prices down owing to this competition. But sooner or later, if the present advantages enjoyed by the hand-loom industry are withdrawn, the mills will get the better of the hand-loom, and under cover of the protection afforded by the import-duty prices would then go up again. You would only get prices down permanently if you could abolish the import-duty as well as the excise-duty; but that is a thing which Government cannot contemplate.

"I have endeavoured, Sir, to show the reasons why Government cannot accept the Hon'ble Mr. Dadabhoi's resolution. I have purposely not dealt with the question raised by the Hon'ble Mr. Monteath as to the attitude of the Home Government and of the Secretary of State regarding the abolition of this duty. I have not done so because, on the merits of the case, Government are not prepared to approach the Secretary of State on the subject. From the date of the imposition of the excise-duty, or rather from the date when the repeal of the old import-duty on cotton was mooted in 1875, controversy has raged round our customs and excise taxation of cotton goods. But the question we have to consider to-day is the practical one of whether national advantage or disadvantage would accrue from the abolition of the excise-duty. To that question, I think there can be only one answer. The effect of the excise-duty is to place two great industries on terms of complete equality. Both contribute alike to the Indian Exchequer. The milling industry here in common with cotton manufacturers all over the world has had its temporary setbacks, and is passing now through a period of depression; but, as I have pointed out in the earlier part of my speech, the statistics of the growth and the development of the industry show beyond question that the duty has not been intolerable—or even a severe—burden. Indeed, the history of this industry forms one of the brightest chapters in the history of Indian commerce. It enjoys no doubt certain natural advantages over its English competitors. Its raw material is grown near at hand instead of having to be imported over great distances of sea; the market for its finished article is at its door while Lancashire goods have to pay freight for the long sea journey to Indian ports. Labour here is cheaper than in England, though in view of its quality this is perhaps a doubtful blessing, and up to the present, at any rate, the Indian mills have been comparatively free from the disastrous strikes which from time to time paralyse manufacturing activities in England. But when all allowances for these advantages have been made, its achievement in face of formidable competition is very remarkable and one of which its leaders may well be proud; it is certainly not in any sense of the word an infant industry which would require special nursing at the hands of the State. One thing, however, I think the State can do—and is doing—to help cotton manufacturers. The

source of the present depression is traceable largely to the recent shortage in the supplies of raw material. The State can do much towards preventing this in future by promoting the extension of cotton cultivation, the improvement of the cotton produced and the opening up of new sources of supply. Much has already been done in this direction by the Department of Agriculture in India. Indigenous varieties have been surveyed; specially suitable seeds have been selected and distributed; experiments have been made in hybridization and in the improvement of methods of cultivation. It cannot be said that these efforts have been allowed to languish for want of funds, and they will be continued alike in the interests of the producer and manufacturer. Such assistance as this, I submit, is likely to prove of far greater, far more permanent, benefit to the industry than the degree of protection which it might derive from the customs-duty were the excise-duty abolished. On the other hand, if that were done, if the excise-duty were repealed, a serious loss of revenue would be involved, and it is not easy to see from what source my Hon'ble friend the Finance Member would replace it. The abolition would involve injury to the hand-loom industry, and I do not think it can be urged that in the long run the consumer would be likely to reap advantage. For all these reasons, Sir, Government must ask its supporters to vote against the resolution."

The Hon'ble MR. DADABHOY: "Sir, I feel I would be scarcely justified in inflicting a second long speech upon this Council, and therefore I shall briefly answer some of the most important arguments that have been advanced against the resolution in the course of the debate to-day. In the first place, I consider it my duty to thank the several non-official Members who have given me their unstinted support on this most important and vital resolution. The country will feel grateful to them; their action will be appreciated outside this Council chamber. I confess I am disappointed, and I have no doubt many of you will share the disappointment with me, that the two Members who represent important bodies like the Chambers of Commerce of Bengal and Bombay should have adopted an attitude of hostility to my resolution. It is very unfortunate that they should have assumed this position because the country fully expected their support on an important resolution like this. As for the argument of the Hon'ble Mr. Monteath that the excise-duties if abolished should be preceded by the abolition of the import-duties, I can only say that I anticipated this line of argument, and therefore was at some pains in demonstrating its fallacy in my preliminary address not only by facts and figures, but also by arguments based upon the revenue history of Government. I would not like to repeat my arguments on that subject and so tire the Council. I can only say that the question of the abolition of import-duties stands entirely distinct from this particular question. If the Hon'ble Sir Guy Fleetwood Wilson finds that his financial position permits him to abolish the import-duties, I have nothing to say; but whether he does or does not, his decision does not help my Hon'ble friend Mr. Monteath in his objection to the abolition of the excise-duties. This question must stand on its own merits, and, as far as I am able to see, no case has been made out by the Hon'ble Mr. Monteath. As regards the attitude taken up by the Hon'ble Mr. Graham, it may be a prudent attitude; but I must say that I am disappointed to find that the Bengal Chamber of Commerce should have taken up an entirely new position on this occasion. We are all familiar with the position taken up by the Bengal Chamber of Commerce with reference to the excise-duties on previous occasions; and I think my friend Mr. Graham would have done better if he had followed the example of Sir Patrick Playfair, than whom a stauncher and firmer opponent of excise-duties it would be difficult to find. As regards the Hon'ble Mr. Gokhale, he does not give me an unqualified support, and he has raised two or three points intimately connected with the arguments advanced by the Hon'ble Mr. Clark. I shall deal with them together. I have heard with considerable interest the most exhaustive and ingenious speech of the Hon'ble Mr. Clark, and though I am prepared to pay him a compliment as to the manner in which he has put his case, I must most distinctly point out that he leaves the country and the

Members of this Council entirely unconvinced. His position is this. He has tried to argue that the present depression has no connection whatever with the imposition of the excise-duty. In my first speech I pointed out that there may not be direct connection, but the excise was one of the economic factors responsible for the situation. In support of his position he has contended that the price of raw material has been one of the main causes which has depressed the industry. If the Hon'ble Member had been long in this country, he would have found out that the abnormally high prices of cotton have been in existence only for the last two years, and when the price of cotton was very cheap the industry was in an equally bad state of depression. My friend Sir Sassoon David, than whom a greater authority on the subject does not exist in the Bombay Presidency, will bear me out when I say that during the last fifteen years in the history of the cotton industry, with the exception of two years, thirteen years have been absolutely bad and unremunerative. This is a proposition, I submit, that cannot be challenged on the official side. Thus, Sir, the contention that the high price of raw material has been the source of the depression is not supportable. Then, it has been also said that the excise-duties could not have caused this depression because the mill industry has rapidly advanced, looms have multiplied, and during the last few years a large number of new mills have been constructed. Now, that is a phenomenon which can be easily explained. The new mills that have been constructed have been mostly spinning mills. During the last five years only about 10,000 looms have been added to the entire loom power in the country. And it is the weaving mills that pay this cotton-duty and not the spinning mills, and therefore an additional number of mills is no argument to show that the mill industry has been flourishing. This is one of those errors into which people unconnected with the cotton industry have fallen in judging of the prosperity of the textile industry.

"Then probably my Hon'ble friend Mr. Clark is not aware that in the system of accounts prevalent in the mills in India—many of them are both spinning and weaving mills—no separate accounts are kept so far as the actual profits of weaving are concerned; and whether a weaving department pays its way or not, whether it is remunerative or not, the duty is all the same paid on the actual cloth turn-out, whether that cloth is sold at a profit or not, or whether there is any margin of profit to cover the actual production of it or not.

"The Hon'ble Mr. Clark has stated that these duties were imposed for financial purposes. I can quite understand that when the income has become so tempting, this position will be taken up by Government; but this is against the distinct and definite pronouncements made times out of number in this Council that this source of income was not required for revenue purposes.

"It is also urged that the increase in revenue from 17 lakhs to 41 lakhs justifies the retention of this excise. Sir, if the legality of an impost, if the propriety of a tax, is only to be judged by the increment or by the revenue which it produces, I have nothing further to say; but that would be a most fallacious standard or criterion. Moreover, probably the Hon'ble Member is not aware of the cause of this abnormal increase in revenue. It is not due to the prosperity of the weaving industry in the least. It is due to the manner of appraisement of the value of cloth. Formerly, when this duty was imposed, the value of cloth was taken at 6 annas a pound; now the lowest rate is taken at 10 annas a pound, and there is an increasing scale; and it is on this valuation that this duty is imposed. The most important cause of this increment in the duty is this increased scale of appraisement, and that is giving Government such a large income. So I submit the argument that the increment explains the prosperity of the industry is not quite correct.

"The Hon'ble Mr. Clark said this excise was a customs-duty, and if this customs-duty was to be abolished, I have not pointed out the source from which the loss is to be met. Now, Sir, he will forgive me for pointing out that you can hardly call excise-duties customs-duties. It would be a misnomer. As regards my not having placed a programme as to the manner in which

this loss was to be met, it was pointed out by an Hon'ble Member of this Council only the other day that if Government does not consult us when it prepares its budget beforehand, it is not for us to suggest the method; it is for the Government to find out the ways and means. After all, Sir, what is 41 lakhs in the total revenues of India? What is 41 lakhs in a revenue which exceeds 77 millions of pounds sterling? However, if the Hon'ble Member wishes to know how this loss could be met, he will find a reply in my first speech. If I had brought this proposition forward last year, my friend the Hon'ble Finance Minister might have taken me to task. But this year he has got a handsome surplus. He has been apportioning this surplus, and therefore the question of meeting the loss does not arise.

"One of the most important arguments against the resolution advanced is that the handloom industry of the country stands at a certain advantage now and if the excise-duties are abolished the hand-loom industry of the country will be ruined. No man in the Council takes a greater interest in, or has at heart a keener desire for the prosperity of, the handloom industry of this country than myself. I can assure my Hon'ble friend there that, when he says that the hand-loom industry of the country will suffer by the abolition of the excise-duties, he lays down a proposition which can hardly be supported. Now, if he had even informed the Council of the total number of hand-looms working in this country, as compared with the power-looms, the Council would have formed a judgment immediately, and would have known that there is absolutely no competition between hand-loom and power-loom in this country. All the non-official Members of this Council realise the position better than the official Members here about the condition of the hand-loom industry. I am sure my friend, the Hon'ble Mr. Mudholkar, who has also taken considerable interest in the welfare of the hand-loom industry, will bear me out in the conclusions I have laid before the Council.

"It is also asked, if the duty be abolished, will the poorer classes be benefited or will the manufacturers put additional profits in their pockets? To that question the Hon'ble Mr. Madge gave this morning a most pertinent and conclusive reply, which was supplemented by the Hon'ble Sir Sassoon David, who distinctly pointed out to this Council that a reduction of  $3\frac{1}{4}$  per cent. in the value of cotton goods will not mean additional profits to the manufacturer, but a reduction in the cost of price of the manufactured article which will place it within the reach of the poor masses of the country. I therefore submit that, despite all that has been said, nothing has been urged in this Council to dislodge me from the position that I have taken up. I submit that my case is strong and invulnerable, and in whatever manner a plausible defence may be made, Government must admit that, at any rate, in the matter of the excise-duties their case is extremely weak and indefensible.

"I shall not detain the Council much longer. I shall ask the Hon'ble non-official Members to give this resolution their solid and unhesitating support. Remember that the eyes of the country are cast upon us to-day, and we shall be judged by the people by the manner in which we acquit ourselves here to-day. I ask you all to give your united adhesion and support to this resolution; and I, Sir, venture to state, with great respect, that no Secretary of State for India, howsoever powerful he may be and to whatever party he may belong, can indefinitely ignore the unanimous opinion of the non-official Members of this Council.

"To the official Additional Members my appeal is as sincere and fervent as to the non-official Additional Members of this Council. I fervently ask them also to support this resolution. Even if we are fortunate enough to carry this resolution, it will not be binding on the Government of India. It will simply have the effect of a recommendation to the Governor General in Council, and such a recommendation will considerably strengthen the hands of the Supreme Government. It will also have the effect of vividly bringing to the notice of the people in England the injustice of this duty. I have abundant faith in the English race: with their characteristic independence, with their traditional sense of honour, before long they will intercede, and will see that this duty is abolished.



"One more word, and I have done. I wish to recall to you here, to those Hon'ble Members who have opposed this resolution, the words of Lord Curzon when he came out to India to assume for the second time the Viceroyalty of India and addressed the Bombay Municipality. His Lordship said :

'There is not, I believe, a single thoughtful Briton, who looks at the connection between the two countries from a selfish, or sordid, or purely materialistic point of view. There are few, if any, among them, who do not realise the responsibility and desire that it should be discharged faithfully. I pray you, I pray the native community in India, to believe in the good faith, in the high honour, and in the upright purpose of my countrymen. In England there are no two parties about India. It is the desire of all parties that the government of this dependency should be conducted with insight and sympathy, and that our guiding stars should be mercy and justice.'

"I hope and pray, gentlemen, that these words will guide you in your decision to-day."

The Council divided :

*Ayes—20.*

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur; the Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Mr. Madge; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Dadabhoy; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Kour Sir Ranbir Singh, of Patiala; the Hon'ble Sardar Partab Singh; the Hon'ble Sir Vithaldas D. Thackersey; the Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Nawab Abdul Majid; the Hon'ble Raja Pramada Nath Roy of Dighapatia; the Hon'ble Sir Bijay Chand Mahtab, Maharajadhiraja Bahadur of Burdwan; the Hon'ble Babu Bhupendranath Basu; the Hon'ble Mr. Sachchidananda Sinha; and the Hon'ble Mr. Mazharul Haque.

*Noes—32.*

The Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Monteath; the Hon'ble Mr. Phillips; the Hon'ble Mr. Gates; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slacke; the Hon'ble Mr. Stewart-Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kesteven; His Excellency the Commander-in-Chief; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Al Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major General Grover; the Hon'ble Mr. Earle; the Hon'ble Mr. MacLagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Robertson; the Hon'ble Sir Henry McMahon; the Hon'ble Mr. Le Mesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; the Hon'ble Mr. Macpherson; and the Hon'ble Mr. Sharp.

So the resolution was rejected.

#### DUTY ON SUGAR.

The Hon'ble PANDIT MADAN MOHAN MALAVIYA "Mr. President, I beg to move that this Council recommend to the Governor General in Council that the duty on imported sugar be so raised as to make it possible for the indigenous sugar industry to survive the competition to which it is at present exposed. Sugar has formed for a long time an important industry in this country. In the United Provinces in particular and in many other provinces of India in general, it has been one of the most valuable field crops for a long time past. It gives regular employment to a large number of persons at a time when there is no other work available, and it repays those who employ their skill and labour on it in a much larger measure than many other crops. It has a value in the eye of the banker which probably no other crop has. In the Bareilly Division, I am told a banker will advance a hundred rupees an acre on sugarcane as soon as sugarcane has been sown, while he will not do that for cotton

or any other crop, because the sugarcane is less affected by the vicissitudes of season, and the banker is sure that whatever misfortune might ordinarily befall, there would still be the certainty of a fair return from the sugarcane. The crop has always been regarded by the Government as well as by the people as a most important industry. In the Financial Statement of 1877-78, Sir John Strachey said of it :—

‘It is one of the most important agricultural staples of those provinces (referring to the United Provinces), and it is important not only to the agriculturists and the manufacturers and consumers, but directly to the Government, which looks greatly to sugar cultivation for its irrigation revenues.’

“In a communication to which Sir James Westland referred, in introducing the Bill to amend the Indian Tariff Act in 1899 from the Chamber of Commerce, Calcutta, they said :—

‘The importance of cane cultivation in the agricultural scheme of almost every province in India is perhaps hardly appreciated, except by those officials whose duties have brought them into association with the settlement of land-revenue. The remarks may be found in many a settlement report that in such and such tract the entire rent, and therefore the entire revenue, is paid from the cane field.’

“Up to 1877-78 there was very little sugar imported from foreign countries into India. A little sugar had about that time begun to come from Mauritius into Bombay, but it did not compete with the indigenous article as it was very small in quantity. This continued to be so until 1889. After 1890, while cane sugar continued to come in increasing quantities from Mauritius, a great deal of beet sugar began to be imported from Austria and Germany. About this time, the attention of His Majesty's Government in England was drawn to the state of the sugar industry in the West Indies, and they called a Conference to have the bounty system revised. The Conference separated, however, without coming to a practical conclusion, and then the Government of India imposed countervailing duties on bounty-fed sugar. These duties were in force for nearly two years. When these duties were imposed the imports of sugar went down very largely, from three millions to a little more than half a million hundredweights. But the other Powers having agreed to modify the system of bounties from September 1903, the Government of India largely ceased to levy countervailing duties from that time. The result has been that from that time forward the imports of sugar have gone up by leaps and bounds. On this point the figures given in the recently published excellent book on ‘Sugar’, by Mr. Noël Paton, are very instructive, though they are at the same time very alarming. They show that the quantity of beet and cane sugar imported into India from 1884-85 to 1909-10 has increased sevenfold and more. The average quantity of beet and cane sugar imported by sea into British India in the five years 1884-85—1888-89 was 78,440 tons. The average of the five years ending 1890-91 was 87,736 tons. The total quantity imported in 1909-10 was 586,169 tons.

“The average value of the sugar thus imported rose from Rs. 1,88,80,207 in 1884-85 to 1888-89, to Rs. 2,06,28,056 in 1890-91; it rose to Rs. 10,49,69,452 in 1909-10. It is important to note that while the quantity of sugar imported has thus been growing so enormously, there has been a great deal of contraction going on in the cultivation of sugarcane all over the country. In 1892-93 there were 2,798,637 acres under sugarcane in the whole of India; in 1908-09 there were only 2,234,067 acres. That is to say, that from 1892 there has been a net decline of something like 550,000 acres, or a decline of about 20 per cent. in the cultivation of cane in the whole of India. The largest decline has occurred in Bengal, being 53 per cent., and there has been a decline of 7·4 per cent. in the United Provinces. A third important fact to note is that along with this decline in the cultivation of sugarcane there has been a rise in the price of *gur*. A study of the imports into and exports from each Province, by sea and rail, of the total quantity of sugar, refined and unrefined, and the net quantity retained during the last five years, 1905-06 to 1909-10, compared with the figures for the average of three years ending 1895-96, makes it clear that all the provinces have increased, and most of them enormously increased,

their net imports of sugar; and as Mr. Noël Paton says, after a careful examination of these figures, it is impossible to study these tables and doubt that the decline in sugar cultivation in India has been associated, either as cause or as effect, with grave disorganization of the internal sugar industry. Mr. Noël Paton has shown that this contraction of the sugar area has been peculiar to that crop. Taking the case of the United Provinces, which produces nearly 53 per cent. of the reported sugar crop of British India, he has shown that while the area under sugarcane has contracted since 1892-93 by 89,200 acres, or by 7.4 per cent., that under other crops has expanded by 5.6 per cent., and after taking into consideration whether any such contraction in the cultivation of sugarcane might be accounted for by other causes, he has been driven to the conclusion that the reason why sugarcane did not share fully in the appreciation of other produce is probably to be found in the cheapness of imported sugar. In other words, 'the competition of foreign sugar is the one constant and progressive factor that accounts for the general decline in cane cultivation.' Looking at the average of the last 10 years from 1889 to 1900, it appears that there has been an increase of 397,000 tons in the quantity and of Rs. 6,49,25,314 in the value of the sugar imported. It appears also that while the imports of sugar have thus increased by 397,000 tons, the quantity of what Mr. Noël Paton calls 'potential sugar,' that is, sugar that could at a stated time be industrially produced in India without any radical change of method, has decreased by 408,782 tons. That is to say, that 'ten years ago imported sugar was equal to less than one-sixteenth of the available indigenous sugar. Now it is not far off one-fifth.' We know, of course, that the price of the sugar imported has fallen. It has fallen from Rs. 10.1 per cwt. for the three years ending 1899-1900 to Rs. 8.83 per cwt. for the last three years, while the price of *gur*, say, has risen. This, however, is not a sign of an improvement in the trade of *gur*. It is wrong to suppose that imported sugar does not compete with *gur*. A careful analysis of the figures by Mr. Noël Paton leads to the conclusion 'that in fact sugar does compete with *gur*; and we know that the Indian cultivation of cane and the production of *gur* are steadily declining.' These facts give, Sir, a clear indication of the position of the sugar industry in India. They show that while the imports of sugar have been increasing, the area under sugarcane has been declining; also that the production of Indian sugar has been declining, and that the price of Indian *gur* has been rising. The result is that we are now paying over 10½ crores of rupees a year for sugar imported from other countries, and that we are threatened with the prospect of having to pay a much larger sum in the near future, unless something is done to arrest the downward course of the industry.

"It is in this position, Sir, that I have thought it my duty to invite the attention of the Government to the necessity of taking some effective steps to avert the calamity with which we are threatened. How that can be done is a question undoubtedly of great difficulty. We know under what advantageous conditions the foreign industry is working. Our competitors are using the most scientific processes to produce sugar. They are utilising the result of the latest researches that science has made. They are working on the centralised estate system, growing cane on large fields lying close together, having their factories in the centre of compact sugar areas, crushing fresh sugarcane in them and making sugar from the juice. They have the advantage of using the most up-to-date scientific methods, and the advantage of having large capital to finance their enterprise. We know on the other side that the Indian manufacturer is labouring under numerous disadvantages. There are only small patches of sugarcane fields and they are scattered in different parts of the country; the sugarcane that is grown is not of the best quality. The methods employed for both growing sugarcane and for manufacturing sugar are defective and wasteful, and cannot stand comparison with the methods employed in other countries.

"With all these disadvantages it is clear that the Indian manufacturer of sugar cannot hope to be able to compete with his foreign rivals. What then is to be done? Is the sugar industry of India to be allowed to go to the wall completely? We have seen how tremendously it has lost ground in the last ten years and more. Is it to be allowed to be extinguished in this process of

competition? The competition is undoubtedly formidable. The Indian cultivator, however, is not entirely to blame for not being able to withstand this competition. It is no fault of his that he has not received the benefit of education that his competitors in other countries have had. It is no fault of his that he is illiterate and ignorant, while in other countries his compeers have long been receiving the advantages of general and technical knowledge, of trained skill and scientific advice. He has been doing his work according to his own primitive methods to the best of his ability. It has been said that the industry is inefficient, and that it is largely so because of the laziness and unwillingness of the Indian cultivator and manufacturer to take to modern methods. I beg the Council, and I beg the Government, to judge the Indian cultivator and the Indian manufacturer with the consideration that their case demands. I submit that the agricultural conditions which obtain in India are not of the making of the Indian cultivator. It is no fault of his that sugarcane is grown in patches over scattered areas. He has been suddenly confronted by new conditions that have been developed in other countries. In several such countries people have taken possession of vast uncultivated fields in new lands; and they have found it quite easy to plant large compact areas with sugarcane. The Indian cultivator cannot so revolutionise the conditions prevailing around him as to be able to do so. Nor are the technical knowledge and trained skill available to the Indian manufacturer as they are to their foreign rivals. I am merely drawing attention to these facts in order that the cultivator and manufacturer should not be judged hardly. It has also been said that Indian manufacturers are to blame for not combining to work on a large scale. This want of the spirit of enterprise or initiation is partly the result of the system of over-government to which he has been subjected. And it will take him sometime to develop the capacity for organisation. That being so, the question which arises is whether the Government will leave him in the lurch in the meantime, and allow him to be beaten and discomfited by his rivals in other countries, or whether the Government will take pity on his condition, make a reasonable allowance for the disadvantages under which he is labouring, and extend to him the shelter of its protection for a time, to enable him to live, to give him a chance to improve his methods, and to see if he cannot by improving them compete successfully with his foreign brethren.

"It would be a calamity, Sir, the gravity of which I cannot describe, if the sugar trade of India is entirely extinguished, or if it is even largely killed by reason of this competition. In a letter which he addressed to the Government of India in 1899, the then Lieutenant-Governor of the United Provinces (Sir Antony MacDonnell) said :—

'It is of much more importance to this province to preserve the sugar industry on the basis of present arrangements than to have a cheap foreign sugar supplied to the consumers of the refined article. The closing of refineries must lead to a contraction in the acreage under sugar. This reduction might, if the refining industry were destroyed, reach a maximum of 800,000 acres. Such a reduction in the acreage under a valuable and paying crop would cause far-reaching injury to landlords, tenants and the labouring population, and might affect the well-being of the rural classes to an extent that would produce serious discontent in the sugarcane growing regions. The stability of the Government revenue would be affected, not indeed directly, because the land-revenue assessments are not ordinarily made on the special or crop rent that are in some places paid for land let out for a cane crop, but because the reduction of the profits of a valuable crop would impair the rent-paying capacity of the tenants and thus cripple the resources of the landlords.'

"That was said, Sir, in 1899. Recently, in addressing the Agricultural Conference which met in January last at Allahabad, our present Lieutenant-Governor, Sir John Hewett, also referred to the ruin with which this industry was threatened in the following words :—

'Thirty years ago we had 300,000 acres of indigo, with all the employment furnished by the manufacture of the dye; to-day we have little more than 40,000 acres under the crop, which is indeed no longer known in many localities where it was once a source of employment and of profit. Sugarcane, as I have just said, is threatened, and I can scarcely imagine the extent of the disaster to the province should our acreage of cane, which last year exceeded a million acres, dwindle in the same proportion as our acreage of indigo.'

"Now, Sir, that being the position, I submit that the Government should be pleased to consider what course should be adopted to afford the protection that



this industry needs. It is quite clear, as Mr. Noël-Paton has pointed out, that, unless something is done to protect it, this ancient industry of India, one of India's great assets, would seem to be doomed. As to what that something is opinions will differ. But there is no disagreement about one matter. It seems to be generally agreed that if India is to retain her industry she must improve her methods both of cultivation and of manufacture. But the question is whether, if he is left to himself, if he is left without any temporary protection, the Indian cultivator or the Indian manufacturer will be able to hold his ground so long as he will be employed in bringing his methods up to date, so as to be able to compete with his foreign brethren. I submit that it is not likely that he will be able to do so. These methods of improvement will require time: methods of cultivation cannot be improved in a day. Local Governments have been busy for some time past in the different provinces, and in none more so than in my own provinces, in encouraging the sowing of improved sugarcane. There have been pamphlets published and advice freely given by officers of the Agricultural Department of the Government to help the raiyat to improve his methods, and to help the manufacturer to employ less wasteful methods of refining sugar. But, Sir, these methods will take time. It will not be possible for the Indian cultivator or the Indian manufacturer to so equip himself with up-to-date methods at once as to be able to withstand the competition to which he is exposed; and the question is whether he should be allowed to go to the wall, or a helping hand should be given to him to enable him to protect his industry. I may at once say that I am not for a permanent protective duty on imported sugar. My whole object is to have the import-duty so raised and for such time only as it may be necessary in order to enable the Indian producer to compete on fair terms with his foreign rivals. I would be willing, Sir, that the duty that may be imposed should be of a graduated scale; that it may decline as time goes on; but all that I urge is that the protection that the Indian cultivator and the Indian manufacturer need at the present moment ought to be extended to them.

"The discussion that has been raised in connection with this resolution in the Press has brought out two divergent sets of opinions. One is that it is a very evil course to suggest that the consumption of the cheap sugar which my countrymen are having now by reason of the imported sugar ought to be checked and that these countrymen of mine should be deprived, if the resolution I have proposed is accepted by the Government, of a very useful article of food which they very much require. As to this, I submit, Sir, that it is true that if the duty on imported sugar is raised, the price of the imported sugar would no doubt rise to a certain extent. I am quite alive to that aspect of the question; but what I submit is, that it is necessary in the interests of the people of the country as a whole to take a larger, a more comprehensive, view of the matter. Granted that it will be necessary for a time for those of our people who consume foreign sugar to pay a higher price than they do for it at present; but if that is the only condition on which, the only price by paying which, a great national industry can be kept alive, there should be no hesitation in paying that price. As against the loss which consumers of cheap sugar would suffer by the duty on sugar being raised we ought to weigh the loss which cultivators of sugar-cane, manufacturers of sugar, and the labourers and agents employed in the business will suffer if the duty is not raised and the sugar industry is allowed to be destroyed in the competition to which it is exposed. This, no doubt, raises the great question of protection and free trade. In the discussion that has been going on in the Press, one view which has been put forward is that all suggestions for imposing a protective duty are evidence of a wicked want of regard for the interests of the people, and it has been quietly assumed that all advocacy of the principle of free trade is unquestionable evidence of friendliness to the masses of the people. I venture to say, Sir, that neither protection nor free trade are necessarily beneficial for any country in all times and under all circumstances. Protection may be good for one country at one time, and free trade may be good for it at another time. Take, for instance, the case of England. England built up her industries with the help of protection; but,

later on, as England found her position strengthened, she gave up protection ; and for a long time past she has been one of the strongest apostles of the doctrine of free trade. But Germany, America and nearly all other countries of the West have not listened to the teaching of England in this matter. They have built up their industries—and Australia and Japan and Russia have been building up their industries—with the help of protective duties. And now that England has found that the industries of America, Germany and other countries fostered by protective duties have become formidable rivals to English industries, we find that there has come about a tremendous revolution in the ideas of the English people, and the great Tariff Reform movement is the expression of that change in the conviction in the minds of a large section of the English people that fair trade is better than free trade. As Bismarck once observed, free trade is the weapon of the strongest. For countries which are in the initial or backward stage of development of their industries, and are exposed to formidable competition from their more advanced rivals, the policy of protection is undoubtedly the safest policy. Free trade, no doubt, makes it possible for a people to have cheap produce by opening their frontiers to the entire world. In the case of sugar, too, it will enable our people to have cheap sugar ; but free trade has never been known to develop the productive powers of a nation. On the contrary, we find that while a certain portion of the population is no doubt having the advantage of a little cheap sugar, a great national industry is being slowly but steadily undermined. In this view it is not only permissible but absolutely essential that recourse should be had to such temporary protection as I have the honour to advocate to save an ancient national industry from extinction.

“ There is another aspect of the question to which I would invite the attention of the Council in this connection. India is undoubtedly largely an agricultural country. It has been said times without number that the famines to which it is exposed and the inability of the people to withstand the effects of scarcity are one of the unfortunate consequences of India being largely an agricultural country. The Famine Commission of 1878 pointed out that at the root of much of the poverty of the people of India and of the risks to which they were exposed in seasons of scarcity lay the unfortunate circumstance that agriculture formed almost the sole occupation of the mass of the people, and they recommended that a diversity of pursuits should be introduced to draw away a portion of the population from agriculture and to train them to earn their living by means of manufactures. They were quite clear and emphatic in expressing their opinion that until that was done the economic situation in India could not be radically improved. Those were the views expressed by a Commission appointed by the Government in 1878, and from that time up to this many high officials of Government have expressed the same view regarding the need for diverting a certain portion of the population from agricultural to manufacturing pursuits. How then, Sir, is that to be done ? It is obvious that the two most important divisions of the industries of a nation are agricultural pursuits and industrial pursuits : for all material production one or other of these must be resorted to. It has been truly observed by a great writer on political economy that ‘ a nation which only carries on agriculture is an individual who in his material productions lacks one arm,’ and that ‘ a nation which exchanges agricultural products for foreign manufactured goods is an individual with one arm, which is supported by a foreign arm. This support may be useful to it, but it cannot be so useful as if it possessed two arms itself, and this because its activity is dependent on the caprice of the foreigner.’ In possession of a manufacturing power of its own, it can produce as much provisions and raw materials as the same manufacturers can consume ; but if dependent upon foreign manufactures, it can merely produce as much surplus as foreign nations do not care to produce for themselves, and which they are obliged to buy from another country. At present we are producing too largely raw materials which are not consumed by manufactures at home, but are exported. Too large a proportion of our population is therefore dependent on agriculture. And the result is that when the rains fail, at the very first touch of scarcity we have to witness the most pitiable sight of vast numbers of people being unable to keep themselves and

those dependent upon them alive unless the State runs to their rescue. We also have to witness the spectacle of this great country, rich in natural resources, standing up to receive alms not only from the State, which in itself is bad enough, but also to receive alms from foreign countries like America which converts their agricultural produce into manufactures. I am not ungrateful for the help they have given us in the hour of our distress. But it is a matter which certainly is not flattering to the Government or the people of this country, that they should be driven after a period of every few years into such a position that they cannot save a large portion of their population from the jaws of death unless Government or the charitable people of other countries should come to their rescue. This position cannot be improved unless manufacturing pursuits are promoted along with agricultural pursuits. It will certainly be made much worse if an existing industry is allowed to be killed by foreign competition. I have said, Sir, that in seasons when there is no other occupation to be had, sugarcane affords work to a large number of people. The point of view then from which this question has to be approached is this, that it is not a question which affects merely the consumer; it is not a question which affects merely the importer; but that it is a question which affects a much larger circle of people. It affects those who grow sugarcane, for they grow a paying crop for which they find ready market at home; it affects those who manufacture sugar, and those who employ their time profitably on that work throughout a large portion of the year, and who do not form an inconsiderable portion of the population. In this view, Sir, the temporary loss and even hardship to which the consumers of sugar may be subjected is a hardship which they have to bear in the interests of the country as a whole. This great crop is one of the few crops which it has been possible up to this time to utilise for manufacturing purposes. In other respects this country is producing crops partly to consume them itself in their natural form, and partly to export them in their raw condition to other countries. At present England is in need of more cotton, and a number of our cultivators will be encouraged to grow more cotton. They have been growing a great deal of wheat, for they have not only to supply the needs of this country but also of England with wheat. But there should be a limit to this ruralisation of India for the advantage of other countries. Neither wheat nor cotton would compare, in national value to the country, with sugar, because sugar has this advantage, that it gives occupation to both agricultural and manufacturing pursuits; that while good value is gained by those who cultivate sugarcane, it is also capable of being locally manufactured; and a produce which cannot only be grown in the country, but can also be manufactured in it, has, I submit, a much higher national value than a produce which is to be exported in its raw condition. If I may quote from a great writer on political economy :

'The agricultural power of production is so much greater the more intimately a manufacturing power developed in all its branches is united locally, commercially and politically with agriculture. In proportion as the manufacturing power is thus developed will the division of the commercial operations and the co-operation of the productive powers in agriculture also develop themselves and be raised to the highest stage of perfection. That nation will therefore possess most productive power, and will consequently be the richest, which has cultivated manufacturing industry in all branches within its territory to the highest perfection, and whose territory and agricultural production is large enough to supply its manufacturing population with the largest part of the necessities of life and raw materials which they require.'

"In this view, Sir, it would be a national calamity that the cultivation of the sugarcane crop, which can be locally manufactured, which has so profitably been manufactured so well in the past, should be discouraged and diminished as it is being diminished by the large influx of cheap foreign sugar. If this can be prevented by imposing a protective duty on sugar, there should be no hesitation in imposing it. The disadvantage to which a part of the population will be subjected in having to pay a little higher price for sugar will be only a temporary disadvantage. Protective duties no doubt increase the price of foreign manufactures; but surely, after a time, as the national industries are encouraged and developed, the price of the indigenous product is assuredly brought down lower and lower. No one has suggested that there should be any

restriction imposed upon the free transport of sugar from one part of the country to another. The only suggestion is that there should be a higher import-duty levied on foreign sugar; and I submit that the sacrifice that a portion of the people will be called upon to make will be more than justified by the gain which will accrue to the community and the country as a whole by the preservation and promotion of a great national industry.

"I will not take up much more time of the Council. I appeal, Sir, to the Government to look at the question not merely from the point of view of the individual consumer, but from the larger point of view of the country. It is now well established that a nation must sacrifice and give up a measure of material property in order to gain or retain the power of united production; that it must sacrifice some present advantages in order to insure to itself future ones. The Government have themselves recognised the soundness of the principle of protecting a national industry from the results of free imports by levying a countervailing duty on sugar in previous years. If the Government are satisfied that the industry cannot be saved without protection in the time that it will require to bring itself up to the standard of other competing countries, then I submit the fairest thing—the most reasonable thing—to do is to extend the needed protection to the industry. The measure of a protective duty has to be determined after a careful consideration of the facts. Personally, I am not afraid to suggest a duty of even 30 per cent., or more if necessary, and I earnestly hope that the Government will not allow this ancient industry to die for want of the protection which it needs at present and which it is in the power of the Government to give to it. I commend the resolution to the acceptance of the Council."

The Hon'ble MR. GOKHALE: "Sir, I beg to move the following amendment to the resolution which my Hon'ble friend has proposed:—

'That this Council recommends that the Government should order an inquiry by a Committee of competent persons into the present condition of the sugar industry in India with a view to ascertaining what action can and should be taken by the State to save the industry from the threatened ruin.'

"Sir, I would like to state at the outset that my amendment is a friendly amendment to the resolution. My Hon'ble friend has proposed that the Government should so raise the duty on imported sugar as to enable the indigenous sugar industry to survive the competition to which it is at present exposed. A very small calculation will show that for this purpose a duty of not less than 30 to 40 per cent. will be required, and possibly even a higher rate may have to be imposed. It depends on what kind of sugar you want to protect from the competition of foreign sugar. If it is the sugar manufactured by factories worked by foreign methods, the duty will have to be about 40 per cent. If, however, it is the sugar manufactured by indigenous methods, then the duty will have to go higher, and may have to be as high as 80, 90 or even 100 per cent. Therefore, without expressing an opinion on the proposal made by my Hon'ble friend, I suggest an enquiry into the condition of the industry—and my Hon'ble friend will himself recognize the desirability of this—before his proposal is definitely considered by the Government. What I urge is that the Government should appoint a Committee of competent persons connected with the industry as also representing the Government and the public to thoroughly investigate the condition of the industry, and to recommend what action may be reasonably expected from the State, and should be taken by the State. Sir, there is no doubt whatsoever that the sugar industry is in a very bad way and that the decline is progressive. There is also no doubt that the imports, especially of Java sugar, have been going up by leaps and bounds. In ten years they have risen from a value of about £170,000 to over 4 millions. I think these figures are sufficient to show what enormous quantities of Java sugar are now coming into the country, and to what serious competition the sugar manufactured in India is exposed. Sir, the great German economist, List, points out in one place what happens when a country like India comes into the vortex of universal competition. He says that when a country, industrially backward, with antiquated methods of manufacture, dependent largely on manual labour, comes into the vortex of universal competition—competition with countries which use steam



and machinery and the latest researches of science in their production—the first effect is to sweep off local industries, and the country is thrust back on agriculture and rendered almost entirely agricultural for some time. But then, here, he says, comes in the duty of the State. When such a situation is reached, the State, he says, should step forward, and by a judicious system of protection it should foster such industries as are capable of being fostered, so that the country may once again enter on its industrial path with the aid of the latest appliances and ultimately stand successfully the competition of the whole world. Now, Sir, as I pointed out this morning, if we had a potent voice in the administration of this country, I certainly would strongly advocate that the Government of India should follow this advice of List: but as things are, for a long time to come, this will not be practicable; and as practical men, we must accept the situation and make the best of it. Personally, therefore, I think that for the present we should ask the State to give only such help to the industry, as it can, without running counter to the principles which are at present in the ascendant in the administration of this country—I mean free trade principles. Sir, I stated my opinion this morning that I was not sorry that the policy of the State to-day is a free trade policy: it is the least harmful, it is the safest, and till we are stronger I should not like to see it change. If the Government of India or the Secretary of State had the power to grant protection in present circumstances, I am not sure that it would be employed in the best interests of the people of this country. I, therefore, personally do not ask for a high protective tariff; but I urge that an enquiry be first made to find out in what way and to what extent the State can help this industry. Sir, at the Educational Conference which was held the other day at Allahabad, under the Chairmanship of the Hon'ble Mr. Butler, this question of the present condition of the sugar industry came up for consideration in connection with the subject of technical and scientific education. And my Hon'ble friend Mr. Mudholkar made at the meeting a number of valuable suggestions, and there was a representative of the sugar industry from the United Provinces, who also stated what the difficulties of the industry were which required to be overcome. It was a most interesting discussion, and I have no doubt that Mr. Mudholkar, who will probably take part in this debate, will state here what he stated to the Conference. It seemed from that discussion that there was a great deal that the Government could do for the industry even if it did not impose a high protective tariff; in the matter, for instance, of making the services of expert chemists available, in the matter of the terms on which land may be held, in the matter of irrigation and other facilities, and so forth. I therefore suggest that a Committee should be appointed to investigate the condition of the industry and consider what assistance the Government may give in order that the industry may be saved from the threatened ruin. The Committee may also be asked to report if any protective action can be taken by the State, and, if so, what that action should be.

"Sir, I think it necessary to point out that in any scheme of protection that may be proposed by anybody, three questions arise, which must be carefully considered. The first question is, what will be the difference to the cultivators, if a high protective tariff is imposed, and by its means they are kept to their present cane cultivation? And how will they fare if the cane cultivation is allowed to go tout, as it is steadily going out at present? We find from Mr. Noël-Paton's recent pamphlet on the subject that during the last 9 or 10 years the area under cane has diminished by more than 8 per cent. and that the area under other crops has correspondingly increased by more than 8 per cent. This shows that the area vacated by cane has been occupied by other crops. The question therefore arises, how the cultivators have fared under this change. If it is found that the going out of the cane and the coming in of other crops has injured the cultivators, it will be a strong argument in favour of the State doing something to prevent this substitution taking place. If it is found, on the other hand, that the substitution has not injured the cultivators, then, so far as the cultivators are concerned, the plea for protection loses a great deal of its force. The Hon'ble Pandit Madan Mohan Malaviya read an extract from a speech by a Lieutenant-Governor of the

United Provinces, in which a distinct opinion is expressed that the substitution of other crops would injure the cultivators. If that is so, that would be a strong argument in favour of the Government doing something to prevent such an injury to the cultivators; and this is the first question that must be considered in connection with this matter.

"The second question is, supposing that a duty of 30 to 40 per cent. is imposed, on whom will it really fall? Roughly speaking, Sir, I look at the question in this way. The poorest classes of this country hardly ever use sugar; they use what we call *gur* or jaggery. We will assume that all those whose annual income is less than Rs. 100 generally use *gur* or jaggery, and that persons above that limit use sugar, using it in greater and greater proportion as you go up. We will further say that to those whose income exceeds Rs. 1,000 a year, it will not much matter if the price of sugar is raised by 30 or 40 per cent. There remains the class whose income is between these two limits of Rs. 100 to Rs. 1,000 a year—a class that undoubtedly uses sugar and is interested in having it cheap. It is a very numerous class, and it would undoubtedly be hit hard by an increase in the price of sugar. Members of this class use sugar in large quantities not only on ceremonial and festive occasions, but ordinarily; and the bulk of whatever extra duty is imposed will come out of the pockets of this class. Now, a 30 per cent. duty on Java sugar means—the last imports being four million pounds or six crores of rupees—very nearly two crores. A duty like that will therefore take crores of rupees out of the pockets of this poor class; and, if the cultivators fare neither better nor worse, whether they grow cane or other crops, then the only result of the duty will be that this sum of 2 crores will go to so raise the profits of the manufacturers in India as to enable them to remain in the industry. And this directly brings us to the third question: who will really benefit by a 30 or 40 per cent. duty? I have already observed that a 30 or 40 per cent. duty will not suffice to bring the old indigenous portion of the industry within the line of protection. The factories that will receive the protection are those run on European lines, and it is no use disguising the fact that most of these factories are in European hands and their profits go to Englishmen. Sir, I do not grudge to any Englishman a single penny of the money he may legitimately make; but I think it is a fact, which must be fairly and squarely faced, that by a 30 per cent. duty on sugar we shall take two crores out of the pockets of a poor class whose earnings are between Rs. 100 and Rs. 1,000 a year, and we shall transfer this sum practically to the pockets of English manufacturers of sugar in the country. I do not mean that they will thereby realise any large profits in the industry—probably you will by means of the duty just enable them to remain in the industry; without this bonus, they may have to abandon the industry and devote themselves to something else. But even if the manufacturers realize no more than ordinary profits, the question most be considered—is it just that a sum of two crores should be taken out of the pockets of a poor class and put into the pockets of the manufacturers, to enable them to realize ordinary profits and keep up the industry? Sir, I only suggest these points, which strike me as serious, for consideration. I think these questions require to be carefully considered before any action is taken on the lines suggested by my Hon'ble friend. I am not necessarily against all protective action by the State.

"But I strongly hold that every proposal of protection must be judged upon its merits, and it is for this reason that I suggest this enquiry. With those words, Sir, I move my amendment."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "I am willing, Sir, to accept the amendment of my friend, and I am willing that the discussion should proceed on the amendment."

THE PRESIDENT: "The resolution of the Hon'ble Member cannot be withdrawn without the amendment falling to the ground. I think the best course will therefore be that the debate should proceed on the assumption that the amendment is the material question before the Council. I would then put the amendment first to the vote."

The Hon'ble MR. CLARK: "I think, Sir, it will save time if I speak at once on the Hon'ble Mr. Gokhale's amendment, and I will endeavour as far as possible to avoid going over the same ground twice if it is necessary afterwards to debate the motion moved by the Hon'ble Pandit.

"It is not easy, Sir, to assess the exact position of the sugar industry to-day, of which the Hon'ble Members who have spoken have both drawn a somewhat gloomy picture. As is often the case in regard to such questions in India, there are factors which are not susceptible of ordinary economic measurement and which greatly obscure the issue.

"On the one hand, we have a rapid and alarming increase in the imports of foreign sugar; on the other hand, the area under sugarcane in India, although it has decreased, has not decreased proportionately with the increase of the foreign imports. On the one hand, we have antiquated and wasteful methods of production which *a priori* it might be supposed would be fatal to any industry competing with the produce of modern processes and up-to-date machinery; but, on the other hand again, there is the strong predilection of Indians for their native sugar to be taken into account, coupled with an equally strong prejudice against the foreign article, the possible ingredients of which they regard, quite unjustly, with grave suspicion. There is consequently in many areas, in defiance of all the laws of economics, a greater demand for the dearer than for the cheaper article.

"Turning to the statistical data, we find that the imports have increased lately, as I have said, with alarming rapidity. For the five years ending 1900-01, the total average annual imports were 202,000 tons of cane and beet sugar taken together. I think the Hon'ble Pandit gave the figures for cane only, which accounts for the discrepancy between my figure and his. The average for the next quinquennium ending 1905-06 was 330,000 tons. Since then the imports have gone up by leaps and bounds until last year they reached 630,000 tons, or nearly double the average amount in the five years ending 1905-06. On the other hand, the acreage under cane in India has not declined proportionately. Going back twenty years, I find that the highest recorded acreage in that period was 3,100,000 acres in 1891-92. Since then the acreage has fluctuated considerably, no doubt according to the seasons. As short a time ago as 1907-08, it again touched a high point when the acreage was 2,706,000 acres. There was, however, a very bad monsoon in 1907 and poor rains followed in 1908. Sugar at its best is a very precarious crop, and after drought or famine the poorer cultivator prefers to give up such crops for other crops which will bring him in a safer and a quicker return. Consequently it is not perhaps surprising that in 1908-09 there was a drop of 450,000 acres. There was a still further decline in the next year, but last year there was a slight recovery. No doubt the high prices of food-stuffs, fodders, etc., have contributed to some extent to the substitution of other crops for sugar-cane, and it is not necessary to assume that the substitution so caused will necessarily continue. But certainly the figures seem to indicate that the crop is becoming less popular with the cultivator.

"It is not easy, as I have said, to sum up these somewhat contradictory data, but perhaps the position may best be put in this way. Undoubtedly, unless better methods can be introduced and the cost of production brought down to a more reasonable level, the industry is in considerable danger. Japan, it is said, will soon be self-supporting, and this will let loose even a larger supply of Java sugar on India than we get at present. The danger is not perhaps immediate, but the necessity for the industry reforming itself is none the less a very real one. The predilection of the Indian for native sugar to some extent takes the question outside the ordinary economic sphere of supply and demand, and the continuance of this predilection is a very valuable asset. But we cannot of course depend on it going on for ever.

"The Hon'ble Member (the Hon'ble Mr. Gokhale) has urged that the Government should appoint a Committee of enquiry to examine into the conditions of the industry 'with a view to ascertaining what action should be taken by the State to save the industry from the threatened ruin.' I have indicated that in the latter part of this motion the Hon'ble Member is perhaps

painting the present position of the industry in unnecessarily sombre colours. I must also point out that in the proposal which he actually placed before the Council in his speech he seemed to be advocating an enquiry into the effects of a protective duty on sugar, which is an absolutely different thing. It is quite a different thing from an enquiry into the present conditions of the sugar industry with a view to seeing what can be done to help it. The enquiry, as he put it before the Council, seems to exclude other methods of assisting the industry besides protection. I fully admit that there would be ample grounds to justify granting an enquiry if Government were not already alive to the position and were not already, in conjunction with the Local Governments, doing their best to improve the methods of cane cultivation and the manufacture of sugar throughout the country. The Department of Revenue and Agriculture are doing a great deal in this direction. Scientific enquiries are being conducted into the diseases of cane, and enquiries are being made in various farm stations as to questions of manure and cultivation. Experiments have been tried in machinery with a view to improve the native methods of refining; imported canes have been distributed and in some parts of the country are largely superseding the old cane; and advances of large sums of money have been made in some districts to cultivators. Any one who visited the Industrial Exhibition at Allahabad could not, I think, have failed to have been impressed with the admirable work which is being done in the United Provinces by the able Director of Agriculture, Mr. Moreland, both towards improving the existing methods of production and towards demonstrating to producers the possibilities of up-to-date machinery. The Hon'ble Pandit just now referred to our competitors' methods in sugar production, and especially to centralization. The chief characteristics of this system are summarised and explained in Mr. Noël Paton's most useful 'Notes on Sugar in India', and I do not think I need go into them now. But it is clearly a very difficult matter to apply these methods in India. It is essential for success to a factory on the centralised system that it should be certain of receiving every year a sufficient quantity of cane from comparatively small distances to keep it running throughout the sugar season, which lasts for about one hundred days. There is nothing so difficult, I believe, as to bind down the Indian cultivator to give you a regular supply of a certain crop year after year. This is no doubt one of the great difficulties which will have to be got over, and so far as I can see the only way to do so is by gradually familiarising the cultivator with the advantage and profitableness of the system. Until this is done the establishment of a centralised factory on at all a large scale would involve its promoters in a very considerable risk. At the Allahabad Exhibition Mr. Moreland, the Director of Agriculture of the United Provinces, had arranged with an English firm to show a factory of modern type in every particular, except that it is intended to work on a small scale. I daresay many Hon'ble Members may have actually seen it at work. It is constructed to manufacture 100 tons of sugar in the 100 days of the sugar season, utilising roughly the produce of 100 acres of cane. Generally speaking, in industrial matters, working on a large scale is essential to economic success. But in India things do not go according to the ordinary economic laws, and the industry has the great advantage of a strong native prejudice in favour of native produced sugar. At any rate, if this factory, as it is hoped, is eventually transferred to the country and set up as a working concern, it will be a very interesting experiment which will be watched with great interest, as it may do something at least towards opening the minds of the cultivators and producers to the importance of adopting the centralised system of working.

"I have discussed this question of centralisation, though perhaps it is hardly in order on the amendment to the Hon'ble Pandit's resolution; but I have discussed it at some length in order to show that the Government are fully alive to their responsibilities in respect of the sugar industry. At the same time they do not consider that an enquiry at the present moment is necessary or desirable. They are entirely in sympathy with the object that the Hon'ble Member has in view, but they cannot but think that to appoint a Committee now would tend rather to suspend present activities pending its report than to promote the improvement of the industry. I regret therefore that the Government cannot accept the Hon'ble Member's amendment."



The Hon'ble MR. MUDHOLKAR: "I regret to notice the views advanced by the Hon'ble Mr. Clark and to learn that Government are not prepared to appoint a Committee such as the Hon'ble Mr. Gokhale has proposed. If the original proposal of my Hon'ble friend Pandit Madan Mohan Malaviya was before the Council and no other, I could have understood the attitude of the Hon'ble Member and of Government. But what my friend Mr. Gokhale has put forward is a thing which is so much in accord with what has been advanced on behalf of all responsible administrators, especially those belonging to the United Provinces, that I thought our friend Mr. Gokhale's suggestion would be readily acceded to by the Government. However, as it has not been done it has become necessary to put forward in as brief a manner as possible the matters which really require consideration. One thing which is clear is this, that the cultivation of sugarcane has been going down all over the country except in Madras. In Madras alone there has been some rise in the acreage under sugarcane cultivation. But, after all, Madras has not more than 90,000 acres under such cultivation. The largest areas are those in the United Provinces and in Bengal. But in Bengal, from one million and about one hundred or two hundred thousand, it has dropped down to about five hundred thousand acres; and in the United Provinces it has dropped down from nearly one and a half millions to one million and one hundred and fifty thousand acres. These are very great drops. The fears which were expressed by some of the Lieutenant-Governors of the Provinces seem to have become true. Now, the Government in this country is the largest landlord, and the United Provinces is a territory which does not enjoy the blessings (or whatever they might be called) of a permanent settlement. Land there is liable to periodical revisions of settlement. The Government thus is greatly interested in seeing that the agricultural prosperity of that part of the country is placed on a firm basis. Now, Sir, we find that the Lieutenant-Governors of the Provinces state solemnly (what is a fact) that the sugarcane crop is in various districts the most important crop. Then is not this shrinkage of sugarcane cultivation a very serious matter for the Government itself to consider? We are told—and it is undoubtedly the fact—that the Agricultural Department is making experiments of considerable importance for restoring the remunerative character of sugarcane cultivation. Well, Sir, the experiments which the Agricultural Department is making for improving the quality of this produce are valuable beyond question though they do not satisfy all the requirements of the situation. It is a fact that the indigenous varieties of sugarcane in India, in Northern India especially, are of a very poor kind. But we have the experience of Mysore, which shows that though you may grow superior varieties that does not necessarily lead to success. That therefore is a matter which has to be taken into consideration. There are more than one difficulty which we have to surmount. One of these difficulties, viz., the inferior varieties from which our sugar is expressed, is being dealt with by these experiments. We have yet to see how far the experiments which are being made about the growing of superior varieties are calculated to produce successful results. Again, though the Agricultural Department is a very competent Department and its experiments have to be treated with very great respect, I would still say that the Committee asked for would prove useful; for there is safety in the multiplicity of counsels, and when we find that there are experiments similarly conducted elsewhere, it will be desirable to have a body which will compare the experiences of more than one district. Another thing to be considered is that the use of manure is not resorted to anything like the extent that it should be. This is due to the poverty of many of the cultivators. How will the experiments of the Agricultural Department help us here? Again, it is undoubtedly a fact that one of the great difficulties we have to get over is the loss of much valuable juice in the course of transit. There is also often a very great loss due to defective methods of expression. Some people calculate the loss as much as 50 per cent. Well, in regard to this I would like to know how are the experiments which are being conducted to remove this difficulty in the actual manufacture of sugar; of what help here are the experiments which are being conducted by the Agricultural Department?

"The question, Sir, is a twofold one. One is the question as it affects the agriculturist and the other is as it affects the manufacturer. First of all the manufacturer requires superior varieties of cane; and in regard to that the existing defective methods of cultivation without manure and cultivation of inferior varieties and such other things have to be taken into consideration. There is also another question. People speak of what exists in Java and other places—concentrated cultivation. How can we secure concentrated cultivation? Land is divided among numerous tenants or occupants. How is sugarcane to be grown in centralised areas in limited circles? We require a central factory. How can a central factory work satisfactorily if the raw material has to be collected from a distance, even when we have cheap and rapid transit? So this also should be taken into consideration—'how you can bring the raw material within the requisite time to the factory'; that has also to be determined, to be found out. As I said just now, we have to bring the sugarcane to the factory within a certain limited time, for if it does not come in the time, there is loss in the sugar and the juice undergoes various processes of deterioration. That I believe is another thing which the Agricultural Department and the agricultural experts can hardly be expected to deal with. Who is going to give advice to the Government in regard to the matter about securing concentration of cultivation? It is a matter which can be handled by a body which deals with all the aspects of the question, which takes all these various factors into consideration and makes suggestions to Government after that. We have up to now taken purely that aspect of the question which deals with the raw material itself. But we have got other things to do in addition to concentration of cultivation—things without which the industry cannot hope to compete with other industries.

"Here I must point out the magnitude of the difficulty which we have to contend against, and that is the enormous difference in price which exists between imported sugar and indigenous sugars. I had occasion to point out about two years ago the great discrepancy which exists. I took certain mufassal districts, places removed both from the coast and from the manufacturing centres of the sugar industry, and I found that what is called Benares or Kasi sugar sold at the rate of Rs 16 per maund of 40 seers. Sugar manufactured by modern processes in India sold at the rate of 12 to 13 rupees per maund, and imported sugar sold at the rate of Rs 9 per maund. Enquiries which I made about a month and a half ago showed that the discrepancies between the prices have become accentuated, and we may well say now that the difference between the prices of Benares sugar and the imported sugar is fully 100 per cent. Now, that is a thing which I doubt if the Agricultural Department will greatly trouble itself about, but which a body which is entrusted with a special mission will surely take into consideration and about the removal of which will make recommendations. Over and above cultivation we have got the further thing—to address ourselves to as to what is to be done in the factory itself. We have got old methods, which are undoubtedly ineffective and wasteful. But we have to see what, in the circumstances of the country, are the methods which can feasibly be introduced. It can easily be said that we ought to collect 5 lakhs or 10 lakhs of rupees and start factories on a large scale. The Government is interested both in the development of industries and also in the furtherance of our agriculture, has to take a practical view of the matter and to see what are the things which lie within the power of the people and what things are likely to be done. We are not living in an ideal state of society; we have to take men as they are and the state of things as it exists and consider what means are feasible. In other words, what is practicable in regard to these matters? Well, there is, I admit, a certain amount—a considerable amount—of work which can be achieved by co-operation—co-operation in work and co-operation of capital. There are co-operative banks, which, if they are developed and the co-operative credit societies system is brought into operation both for the purpose of improving quality and securing concentration of cultivation and furthermore for the purpose of starting and helping factories, and if we find out by the help of practical experts what kind of factory system is capable of being established and carried out in India, then we would, so to

say, be placing the thing on a more satisfactory basis than at present. The factories in other countries like Java are conducted on a grand scale, but I do not know whether those scales are at all feasible here for a long time to come. What we have got to see here is to establish some central factories and smaller factories under them working in co-operation, and work them by the most modern and effective methods. Our people have to remember that both the agriculturist and manufacturer of sugar who adhere to the old methods will be swept off. Our old factories have been swept off. There were something like 300 factories some 15 or 20 years ago. At present, I believe, there are hardly 25 or 30 registered factories. Many of the smaller factories have ceased to exist. Even these 30 factories will probably before long cease to exist. We have, therefore, to take into consideration what is feasible to be done so far as the manufacturer is concerned. Here again there are two difficulties—the first of capital, and the second of want of scientific knowledge on the part of those who are carrying on the smaller factories. Manufacture of sugar by modern methods is a matter in regard to which scientific knowledge is required. The supply of this kind of knowledge has been placed before Government and was considered in the Educational Conference which met at Allahabad last month under the Hon'ble the Member for Education. I am glad to say that the United Provinces Government and the Government of India in the Education Department are going to take up in earnest the subject of the sugar industry. But that again is a thing which has to be worked in a systematic manner.

“I do not like to prolong the discussion to an inordinate length. I have indicated some of the things which can be done by a Committee alone appointed to deal with this question. No amount of experiments by the Agricultural Department will enable us to make much headway. I would therefore very strongly recommend the amendment of my Hon'ble friend Mr. Gokhale to the consideration of Government and of this Council.”

The Hon'ble MR. DADABHOY : “Sir, I beg to support the amendment. The importance of the industry can best be realised from the fact that, notwithstanding the progressive imports of foreign sugar, about 4,000 square miles are still under sugarcane. In one province, the United Provinces, 1½ million acres are devoted to the cultivation of sugarcane. Before the development of the import trade in beet-sugar, India not only produced enough sugar for home consumption, but used to export large quantities to foreign countries. The condition, alas, no longer exists. The Indian export trade is ruined ; imports of sugar are steadily on the increase ; foreign sugar is replacing Indian sugar even in the Indian market. And all this ruinous change has taken place within the last quarter of a century. It was in 1884-85 that the price of sugar fell. The market was affected by the advance which Germany had made in the cultivation of beet-root and the manufacture of beet-sugar under the artificial stimulus of bounties and low transport charges. The position became so serious that, in 1899, the Government of India felt impelled to impose countervailing duties upon foreign imports. Ultimately the Brussels Convention of 1903 abolished all bounties direct and indirect. A reaction set in, and beet-sugar is not now in as brisk demand as before. It is giving way before Java cane-sugar. Mauritius has gone to the wall. Java commands the market, and if nothing is done to arrest the foreign imports, the once-flourishing sugar industry of India will become extinct sooner or later, and thousands of poor people will be thrown out of employment.

“Now the question is, is this *dénouement* desirable? Has not the Government any duty to perform in view of the threatened extinction of an important industry? It would be ungenerous to suggest that Government is remiss in this matter. The country thankfully acknowledges the interest it has evinced in the sugar industry, and the genuine efforts it has so far made for its improvement. Government has done and is doing more for the industry than is known to the public. The recommendation contained in the resolution is therefore made, not in a spirit of querulous fault-finding, but with the object of inviting Government's attention to the necessity of the adoption of a line of policy which is expected to

yield excellent results. Government has so far applied its energy to devising means for the removal of the defects in the Indian manufacture. This action is bound to be, and is, appreciated by the people. It goes without saying that there are serious defects both in the rearing of the cane and the manufacture of sugar. It is equally obvious that, if these defects are removed, India can successfully compete with Java and other countries on equal terms, without the adventitious support of import-duties. The Indian cane is not rich in juice and the indigenous manufacturing process is wasteful. Whereas in Java the normal yield of sugar is 3.44 tons per acre, in India the average is only one ton. This difference gives Java a superiority which must secure her the market, unless India improves her production. Government is doing its best, through the Agricultural Departments, to help the necessary progress, and all credit is due to it for its efforts. But the discouraging factor is that the improvement must be a process of slow development. It will take India years to come up to the Java or the Cuba level. There is no doubt the level can be reached. It may be that the limit will even be surpassed. Dr. Royle thinks that, with proper improvement in cultivation, India can produce enough cane not only to supply all the sugar her people require, but to swamp the world's market, so much so that the surplus sugar may be used as manure. But this improvement is a work of time. And the odds are that, meanwhile, the diminishing profits of the manufacture will sponge the energies of both the cultivator and the manufacturer, and the industry will gradually shrink and sink into oblivion. Many industries have disappeared in like manner. Already the area under cultivation is contracting. It is therefore imperatively necessary that the industry should be maintained and encouraged by Government by the imposition of moderate import-duties.

"It has been stated that the decline in the cultivation of sugarcane in India is due to a natural process of elimination. In reply to this last argument, it may be pointed out that the present condition of an industry does not afford a sure or safe index to its potentialities. There may be so many causes at work. It took Germany and France nearly a century-and-a-quarter to establish beet-root cultivation for the sugar on anything like an extensive scale. The beet-sugar was discovered by a chemist in 1747, but more than half-a-century elapsed before factories were established for its manufacture. Napoleon first encouraged the manufacture by allowing the free use of 100,000 acres of land for the cultivation of beet-root, on account of the failure during war of the West Indian supply. But it was not before the Franco-Prussian War that beet-sugar became a powerful competitor in the world's market. Who could have thought in the eighteenth century that beet-root had such a bright future? And yet, if by a process of natural elimination beet-root had been neglected, the history of the sugar industry would have been very different indeed.

"The Indian cotton industry is also a case in point. There was a time when nobody could anticipate that India could once again take to cotton manufacture with any prospect of success. The belief was that the Indian cotton industry had been discredited by a process of natural elimination, and it was waste of energy to seek to revive it. Would the country have gained had these counsels prevailed?

"Iron and steel manufacture affords another illustration of the unwisdom of discouraging efforts at improvement on the ground of difficulties and the competition of advanced countries.

"The other argument is equally unsound. The suggested impost cannot be prejudicial to the interests of the masses. In the first place, the common people take sugar in its crude form, known as *gur*, which is not imported from outside, and which will not therefore be affected even by a heavy import-duty. In the next place, if no attempt is made by an artificial check of imports to rehabilitate the indigenous industry, the upshot will be that it will be in time abandoned. When this is done, the Indian competition will be withdrawn from the field. Java will be in undisputed possession of the Indian market. What guarantee is there that, the monopoly secured, Java will not raise the price of the commodity? What will there be to prevent her from charging



fancy prices? How will the position improve for the poor Indian in such a contingency? In the absence of competition, this necessary of life, far from being cheap, will be very dear. That is the experience of the past. This point demands careful consideration. It is undoubtedly far better that the people should suffer some inconvenience now for the protection and encouragement of a prostrated but promising industry, than that for a temporary and fugitive advantage in prices they should allow that industry to die, and leave the country at the mercy of a foreign monopolist. It is a short-sighted policy to advocate open door from considerations of cheapness when it can only spell ruin in the long run to an industry which, with careful nursing, may yet recuperate its former vitality and be vigorous. Protection in the economic conditions peculiar to India is more likely to cheapen the necessities of life than to cause an appreciation in their prices.

"Free Trade, Sir, should not degenerate into a cant. It is, after all, an arrangement suggested by experiences of a particular kind as calculated to promote human happiness, and has convenience for its underlying principle. There is no charm in it unless it secures the maximum of convenience. If a combination of circumstances shew that a slight modification of its theories is necessary for the advancement of future interests, such variation would be perfectly consistent with the cardinal principle. It is therefore that all advocates of Free Trade have conceded that protection to infant industries does not militate against its principles. The Indian sugar industry, though not infant judged by age, stands in very much the same position by its backwardness. Protection to such an industry in the shape of moderate import-duties would not involve a violation of Free Trade.

"It is also worth consideration that history shews that, somehow, the levy of import-duties is followed by a depreciation in value of the commodity taxed. In the United States of America, the McKinley tariff had the effect of forcing down the prices of eleven articles used by the masses. Similar has been the experience on the Continent. Import-duties, unless prohibitive, do not, as a rule, force up prices. A high Anglo-Indian authority, Sir Guilford Molesworth, has observed:

'It may be taken as an axiom of political economy that, as a general rule, when an article is of home production (or, in other words, when it can be produced in the country) the tariff, if it be moderate, and not prohibitive, stimulates production, promotes general competition, kills foreign monopolies, and in some cases actually reduces the cost of the taxed article.'

"The assumption that a moderate import-duty upon sugar will produce a tightness in the market is unwarranted, and opposed to experience. One point deserves examination in this connection. If an import-duty had the effect of being a surcharge upon the price, its object would be defeated, and it would cease to be protective. A duty can only be protective when it goes to reduce the manufacturer's profits. If it falls upon the consumer, the protective value disappears."

The Hon'ble **LIEUTENANT MALIK UMAR HAYAT KHAN** :—"Sir, there is great need of an inquiry when we know it for a fact that our sugar industry must suffer unless we take some steps to protect it. We have got our own interests in this country, and if we keep our money in our own land we have the right to do so and none can raise objections.

"The question may be asked, why do we not rise to the occasion and develop this industry without raising a tariff wall against the foreigner? But that is impossible. Unless we check the importation of foreign sugar now, we may be so totally defeated as to be unable to offer any resistance in future. And hence it is most necessary to take a step in the direction and prepare ourselves first, and when we find that we can compete on equal terms we can again have a kind of open door in this country for sugar. When we ourselves do not get the open door abroad, why should we not follow others and protect our industries like other countries?

"Sir, with these few remarks I support the amendment, as a Member appointed by Government to look after the interests of landholders cannot do anything else."

The Hon'ble MR. MADGE: "I merely wish, Sir, to say that some remarks which have been offered ignore the fact mentioned by the Hon'ble Mr. Clark that Government have already launched upon a series of interesting enquiries conducted by experts, and that one result of an independent Committee would be to fall upon the work of those experts and practically indefinitely postpone it. That is a very unwise course to take surely. The only thing I would mention for the information of the Hon'ble Mr. Clark is that there is some danger of foreign improvements that are not adapted to the present capacities of the cultivators of this country being prematurely forced on them; but I have no doubt that the experts engaged will find that out for themselves. I hope there will be no large over-centralization of reforms in this direction. The movement that has taken place in England from rural areas into cities was compared by Swift in one of his essays to political apoplexy.

"This country is not in such a condition as to stand the diversion of its agricultural population to mechanical occupations to any large extent, and I am quite sure that the experts engaged in this enquiry will keep that point in mind."

The Hon'ble MR. CLARK: "I may perhaps say at once as regards what has fallen from the Hon'ble Mr. Madge that, from what I saw when I was at Allahabad, Mr. Moreland is not only working to demonstrate the advantages of modern machinery but is also working to improve the native processes and to get changes made, such as the adoption of centrifugals in the field instead of the old slow and wasteful processes of pressing, bagging and straining. I may also mention that a few years ago the Government had under their consideration the question of appointing a special expert on sugar to advise the Agricultural Department and Local Governments. There were certain difficulties in carrying this through and effect could not then be given to the proposal; but my Hon'ble friend Mr. Carlyle tells me that the Department now has the question under consideration again. I think this has an important bearing on the proposal put forward by the Hon'ble Mr. Gokhale."

The Hon'ble PANDIT MADAN MOHAN MALAVAIYA: "I am quite willing Sir, to accept the amendment of my friend, the Hon'ble Mr. Gokhale. I may say that I do so in the belief that if a Committee is appointed to enquire into the matter the need for some such action as I have suggested will be more clearly recognised than perhaps it is at present. I hope the proposal for such a Committee will commend itself to the Government."

THE PRESIDENT: "As required by the rules, I read to the Council the resolution and the amendment which is made to it. The resolution is:

'That this Council recommends to the Governor General in Council that the duty on imported sugar be so raised as to make it possible for the indigenous sugar industry to survive the competition to which it is at present exposed.'

"The amendment is:

'That this Council recommends that the Government should order an enquiry by a Committee of competent persons into the present condition of the sugar industry in India with a view to ascertaining what action can and should be taken by the State to save the industry from the threatened ruin.'

"That amendment has been accepted by the Hon'ble Mover of the resolution, and I will put it first to the vote."

The Council divided:

*Ayes—13.*

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Dadabhoy; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Sir Vithaldas D. Thackersey; the Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Nawab Abdul Majid; the Hon'ble Raja Pramada Nath Roy of Dighapatia; the Hon'ble Babu Bhupendranath Basu; and the Hon'ble Mr. Sachchidananda Sinha.

*Noes—33.*

The Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Madge; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Phillips; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slacke; the Hon'ble Mr. Stewart-Wilson; the Hon'ble Mr. Dempster; the Hon'ble Mr. Kesteven; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major General Grover; the Hon'ble Mr. Earle; the Hon'ble Mr. MacLagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Robertson; the Hon'ble Sir Henry McMahon; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon-General Lukis; the Hon'ble Mr. Graves; the Hon'ble Mr. Macpherson; and the Hon'ble Mr. Sharp.

So the amendment was rejected.

The original resolution was then put and rejected.

The Council adjourned to Thursday, the 16th March 1911.

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA;

*The 23rd March 1911.*



# The Gazette of India.

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Separate paging is given to this Part in order that it may be filed as a separate compilation.

## PART VI.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,  
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS  
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO  
1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Thursday, the 16th  
March 1911.

PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O.,  
G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,  
and 61 Members, of whom 54 were Additional Members.

## QUESTIONS AND ANSWERS.

The Hon'ble Mr. Gokhale asked :—

" I. (a) Will the Government be pleased to lay on the table a return, showing, year by year, the number of indentured emigrants from India to Mauritius during the last five years ?

" (b) Has the attention of the Government been drawn to the following opinion, expressed by the ' Committee on Emigration from India to the Crown Colonies and Protectorates ' in paragraph 408 of their report, issued in 1910 :

' The population (of Mauritius) has risen to a density of 559 to the square mile ; poverty is increasing ; the demand for fresh immigrants has ceased for the last two years, and it does not appear likely that further artificial addition to the population could be to the real advantage of the Colony or of the immigrants.'

" (c) Will the Government be pleased to state what steps, if any, they propose to take in view of this opinion ?

" II. (a) Are the Government aware that marriage according to Hindu or Muhummadan rites is not recognised as valid in law in Mauritius, and that Indian settlers in that Colony are placed under the French law of marriage and



succession, and that this is regarded by the Hindu and Muhummadan settlers as a grievance?

“(b) If so, will the Government be pleased to state if they will urge on the Colonial authorities the necessity of removing this grievance of the Hindu and Muhummadan settlers in Mauritius by recognising in their case the validity of Hindu and Muhummadan laws of marriage and succession?”

**The Hon'ble Mr. Clark replied :—**

“The number of indentured emigrants who proceeded from India to Mauritius during the five years 1905 to 1909 is as follows :—

Year.	Number of emigrants.
1905 . . . . .	891
1906 . . . . .	585
1907 . . . . .	572
1908 . . . . .	Nil
1909 . . . . .	Nil

“The Government of India have received a copy of the Report of the Committee on Emigration from India to the Crown Colonies and Protectorates referred to by the Hon'ble Member, and it is at present under their consideration. No decision has yet been come to on the recommendation of the Committee in regard to emigration to Mauritius.

“The reply to the first part of the second question is in the affirmative. The marriage law formed the subject of correspondence between the Government of India, Her Majesty's Government and the Colonial Government in 1897, but the law has remained unaltered for reasons of which the Government of India are not aware. The question of the application to Indians of the Colonial law as regards marriage and succession has now been raised in the Report of the Mauritius Royal Commission, 1909. The Government of India will take the matter into consideration in connection with the Emigration Committee's Report.”

**The Hon'ble Mr. Sachchidananda Sinha asked :—**

“(a) Is it a fact that in the North-West Frontier Province legal practitioners (including Barristers) are under the necessity of taking out an annual license on payment of Rs. 20, besides paying an admission fee of Rs. 50, and that these rules apply even to Barristers already enrolled (on payment of Rs. 500) as advocates of a High Court or a Chief Court?

“(b) Will the Government be pleased to state how many applications of Barristers for enrolment as ‘legal practitioners’ were made to the Judicial Commissioner, and how many of these were rejected, since the creation of the North-West Frontier Province?

“(c) Will the Government be pleased to state the number of applications which were made for special licenses (i.e., for permission to appear in particular cases) to the Judicial Commissioner during the same period, and how many of these have been rejected?

“(d) Is it a fact that the Judicial Commissioner has fixed a maximum number of legal practitioners for his own Court and also for the Courts subordinate to him?

“(e) If so, what are the numbers so fixed and under whose authority has it been so done?

“(f) Are the Government aware that the rules regulating the enrolment of legal practitioners in the Courts of the North-West Frontier Province have caused great dissatisfaction amongst lawyers, as also among the litigant public in that province?

“(g) Do the Government propose to bring the said rules in conformity with those in force in the Judicial Commissioners' Courts in other provinces?

**The Hon'ble Mr. Jenkins replied :—**

“A report has been called for.”

**The Hon'ble Mr. Sachchidananda Sinha asked :—**

"(a) Are the Government aware that in manœuvres carried out by troops in the winter months in the different provinces in India heavy field firing is practised and villages have to be evacuated for that purpose?

"(b) Are the Government aware that the evacuation of the villages is attended with great discomfort and trouble to the villagers?

"(c) Are the Government aware that standing crops are injured by the movements of the troops?

"(d) Under what law, if any, is the evacuation of villages enforced?

"(e) Is there any similar practice in the United Kingdom?

**His Excellency the Commander-in-Chief replied :—**

"(a) Yes, such practice being essential for the training of the troops. In some instances it is arranged that villages should be evacuated, but this is only resorted to in the interests of the inhabitants as a precaution against the possibility of accidents, and every endeavour is made to inconvenience the inhabitants as little as possible.

"(b) The evacuation is only for a few hours.

"(c) Under the orders in paragraphs 212 and 213, Army Regulations, India, Volume X, when such damage does occur, compensation is paid as assessed by the Civil Authorities.

"(d) There is no law on the subject, but it has been the custom for many years to arrange with the villagers to leave their villages during firing when there is any risk of accident.

"(e) The Military Manœuvres Act, 1897, gives much more extensive powers to prevent interference with the execution of manœuvres than are exercised in India. The Commander-in-Chief fully realises that the rules on this subject require amplification in order that the necessary training of the Army for war may be carried out with the minimum of inconvenience to the rural population. This question has been under discussion for some years and proposals are now before Local Governments."

**The Hon'ble Mr. Sachchidananda Sinha asked :—**

"Will the Government be pleased to state the number and names of the officers appointed in the Indian Educational Service between the years 1898 and 1904, and also between 1905 and 1911, respectively, as also the provinces in which they have been posted?"

**The Hon'ble Mr. Butler replied :—**

"The number of officers appointed to the Indian Educational Service (a) between the years 1898 (exclusive) and 1904 (inclusive) and (b) between the years 1905 (inclusive) and 1911 (exclusive) are respectively 66 and 111. A statement\* showing the names of the officers appointed during these periods is attached and will be laid on the table."

**The Hon'ble Mr. Sachchidananda Sinha asked :—**

"(a) Has the attention of the Government been drawn to the following editorial observations of an Anglo-Indian daily of Bombay, the *Advocate of India*, in its issue of January 28th, 1911 :—

'These pledges were fully carried out notwithstanding a good deal of opposition from the predominant Hindu partner, and the Muhammadans to-day are proportionately as well represented on the Councils and in the distribution of State patronage as other classes of our subjects.' (The italics are mine.)

"(b) Are the Government aware that on previous occasions also the said and some other Anglo-Indian papers have referred to the people of British India as 'our subjects.'

\* Vide Appendix A.

"(c) Is it not a fact that the people of British India are the subjects of His Most Gracious Majesty King-Emperor George V to the absolute exclusion of anyone else ?

"(d) If so, what steps do the Government propose to take to prevent the repetition or the recurrence of the use of expressions like that used by the *Advocate of India* and some other Anglo-Indian papers ?

**The Hon'ble Mr. Jenkins replied:—**

"(a) Government have referred to the expression objected to, which occurs in an article in the issue of the *Advocate of India* of the 28th January 1911. It would appear that the word 'fellow' has unintentionally been omitted between the word 'our' and the word 'subjects'.

"(b) Government have not noticed any similar expression in the same or any other Anglo-Indian newspaper and have no responsibility in the matter.

"(c) & (d) In view of the answers returned above, replies to the last two questions do not seem to be called for."

**The Hon'ble Mr. Chitnavis asked:—**

"(a) Has the attention of the Government been drawn to complaints in the Press about the time of this Council being taken up by provincial Central Provinces matters ?

"(b) Do the Government intend to consult the Hon'ble Chief Commissioner if provision could be made for the proper discussion of provincial subjects by the formation of a Legislative Council for the Central Provinces under section 46 of the Indian Councils Act of 1861 ?

"(c) Has there been any correspondence on the subject between the Imperial Government and the Hon'ble the Chief Commissioner of the Central Provinces ?

"(d) If so, will the Government be pleased to state if any, and what, decision has been come to ?"

**The Hon'ble Mr. Jenkins replied:—**

"(a) The attention of the Government of India has not been drawn to specific complaints in the Press on the subject.

"(b) & (c) The Government of India have received a communication from the Hon'ble the Chief Commissioner of the Central Provinces as regards the constitution of a local Council for the Central Provinces, and the matter is now under their consideration.

"(d) No decision has as yet been arrived at."

**The Hon'ble Pandit Madan Mohan Malaviya asked:—**

"Has the attention of Government been drawn to the remarks of Mr. R. N. Mukerji in his Presidential address at the last Indian Industrial Conference to the effect that the new branch line terms would have a discouraging effect on the promotion of District Board lines? Will the Government be pleased to say whether it will reconsider the matter in order to facilitate the construction of light narrow gauge Railways by District Boards ?"

**The Hon'ble Sir T. B. Wynne replied:—**

"A reference has been made to Government in this matter and is under consideration; but, as at present advised, it does not seem to them that any action is necessary in the direction suggested by the question. I may point out that at the present time branch line terms permit of a  $3\frac{1}{2}$  per cent. guarantee, while the terms usually given by District Boards provide a 4 per cent. guarantee; and it should also be remembered that it is open to promoters, if they consider the branch line terms more favourable, to ask for the application of those terms instead of District Board terms to any feeder lines they may be desirous of taking up."

**The Hon'ble Pandit Madan Mohan Malaviya asked :—**

"Has the attention of Government been drawn to the following remarks of Mr. R. N. Mukerji in his Presidential address at the last Indian Industrial Conference :

'Talking about the Railway Board as a commercial man, I would like to see a commercial or financial expert as one of the members. As at present constituted the Board is what I may call a technical one. Each member has a wide and expert experience and knowledge in the construction and working of Railways, but inasmuch as Railways are inseparably connected with the commercial interests and development of the country, what is wanted, in my humble opinion, is an additional member who should be a commercial and financial expert.'

"Will the Government be pleased to say whether they will consider the advisability of giving effect to the suggestion contained in the above remark?"

**The Hon'ble Sir T. R. Wynne replied :**

"Government do not consider it desirable or necessary to adopt the suggestion made by Mr. Mukerji. It is conceded that the Railway Board have wide and expert knowledge of the working of Railways, which knowledge necessarily includes an intimate acquaintance with the commercial needs of the country. They are in constant communication and close touch with the various Chambers of Commerce in all parts of India, the meetings of which they frequently attend. Individual merchants and others communicate direct with the Board upon subjects in which they are interested, and in every way the Board are in a position to deal broadly and impartially with the various commercial propositions for trade development. It may be that they are at times unable to agree with particular proposals made in the interests of individuals or a particular trade without regard to other existing interests ; but this is not a reason for additions being made to the membership of the Board as suggested by Mr. Mukerji."

**The Hon'ble Babu Bhupendranath Basu asked :—**

"Will the Government be pleased to lay on the table the figures showing expenditure in political trials, civil and criminal, in the provinces of Bengal, Eastern Bengal and Assam, Bombay and the Punjab during the last three years, including the year 1910-1911?"

**The Hon'ble Mr. Jenkins replied :—**

"Inquiries are being made."

**The Hon'ble Mr. Gokhale asked :—**

"(a) Has the attention of the Government been drawn to the report, which has appeared in the newspapers, that 90 sirdars, deputed to India by the planters in Natal to recruit, on an extensive scale, indentured labour for their estates, before the notification prohibiting indentured emigration to Natal comes into force on 30th June next, have started for this country by the steamship *Umfuli*?"

"(b) Will the Government be pleased to say whether they intend to take early and effective steps to make their decision, to prohibit indentured emigration to Natal after the 30th of June, widely known throughout those areas where indentured labour for that colony is usually recruited?"

**The Hon'ble Mr. Clark replied :—**

"The Government of India have seen the newspaper report referred to."

"The decision to prohibit emigration to Natal was, as the Hon'ble Member is aware, announced at a meeting of this Council held on the 3rd January last. The Government of India believe that this decision is now widely known, and they do not consider it necessary to take any special steps in the direction indicated by the Hon'ble gentleman, pending the publication on April 1st of the notification prohibiting emigration."



### INDIAN PAPER CURRENCY (AMENDMENT) BILL.

The Hon'ble SIR GUY FLEETWOOD WILSON: "My Lord, I move that the Bill to amend the Indian Paper Currency Act of 1910 be taken into consideration. This Bill has been published in the Gazettes and the reasons for this legislative enactment and the objects of it are stated in the memorandum attached to the Bill, and no opposition to it has been raised in any quarter after publication. I therefore propose to offer no remarks."

The motion was put and agreed to.

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Bill be passed.

The motion was put and agreed to.

### ARMY BILL.

His Excellency THE COMMANDER-IN-CHIEF: "My Lord, I beg to move that the Report of the Select Committee on the Bill to consolidate and amend the law relating to the government of His Majesty's Native Indian Forces be taken into consideration."

"The Hon'ble Major General Sir Robert Scallon, when presenting the Report of the Select Committee at the Council meeting of the 24th January, during my absence in Burma, called attention to the chief changes which the Bill as amended by the Select Committee makes in the existing military Code. To the remarks then made by him I have nothing further to add."

The motion was put and agreed to.

His Excellency THE COMMANDER-IN-CHIEF moved that the Bill, as amended, be passed.

The motion was put and agreed to.

### BIRTHS, DEATHS AND MARRIAGES REGISTRATION (AMENDMENT) BILL.

The Hon'ble MR. BUTLER: "My Lord, I beg to move that the Bill further to amend the Births, Deaths and Marriages Registration Act of 1886 be taken into consideration."

"This, my Lord, is a non-contentious measure to facilitate registration. I explained the objects of the Bill when I introduced it in this Council. It has since been published in the Gazette and no criticisms have been received; I therefore do not think that I need take the time of the Council in saying anything further on the subject."

The motion was put and agreed to.

The Hon'ble MR. BUTLER moved that the Bill be passed.

The motion was put and agreed to.

### PREVENTION OF SEDITION MEETINGS BILL.

The Hon'ble MR. JENKINS: "My Lord, I rise to move for leave to introduce a Bill to consolidate and amend the law relating to the prevention of public meetings likely to promote sedition or to cause a disturbance of the public tranquillity."

"This Bill is intended to take the place of the Seditious Meetings Act of 1907, which, in ordinary course, would expire on the 31st of this month. This is the third time that the Act has been before the Council, and I think we may reasonably hope that it will be the last. Since the duration of the Act was

extended last year, there has been a new Secretary of State and a new Viceroy. The composition of the Government of India has undergone a very considerable change, and a Council has been given to the Bengal Government, one Member of which is an Indian. Yet the decision upon the subject is still the same and is still unanimous, that we ought to have an Act upon the Statute-book for the prevention of seditious meetings which may be applied in case of need. It may further be considered that there is not one Member of the Government of India and not one of the many persons whose advice has governed the decision of the Government of India who has not approached this subject with a most sincere desire to dispense with any legislation of the kind if it were possible to do so. I think, my Lord, that that fact should weigh with those who are prepared to bring to the consideration of the question an unprejudiced mind. As it is intended to refer the Bill to Select Committee, I will not in these introductory remarks anticipate any of those arguments which may be used against the Bill. Everything that can be said against the principle of legislation of this kind has been said many times over, and some of the arguments which were urged against the details of the existing Act have no application to this Bill. In dealing with the Bill I propose, in the first instance, to give a brief account of the history of the case down to the present time, showing how the necessity for the existing Act arose and why there is still a need that its effective provisions should be incorporated in this Bill. I will then take up the existing Act and explain its provisions regarding which there has been much misconception and much misrepresentation, partly ignorant and partly, I am afraid, intentional. Finally, I will explain the provisions of the Bill and show in what respects they differ from those of the existing Act.

"In dealing with the history of the case I will not go back beyond 1905, although the seeds of the mischief had been sown long before that time and had already produced a rank and noxious growth. It is a mistake to think that the partition of Bengal was the origin of the agitation which reached its greatest height in the year subsequent to the partition. Revolutionary ideas and revolutionary organisations had been in existence long before that time. The partition no doubt brought to the front men who would otherwise have held aloof, and it also afforded a magnificent opportunity to the leaders of the movement to develop and mature schemes which had already been conceived. In 1905, certain gentlemen went down to Eastern Bengal and Assam and opened a campaign of sedition. Their precepts were only too faithfully followed by those to whom they were addressed. Many meetings were held all over the country and there were serious disturbances, until in 1907 matters reached a climax. About the same time harangues addressed to mobs in the Punjab were followed by very serious rioting in Lahore and Rawalpindi. Itinerant preachers of sedition visited the Madras Presidency, and there followed riots at Coconada and Rajahmundry. In fact, the connection between violent action and violent speaking became so obvious, that Government could no longer afford to overlook it, and the Ordinance No. 1 of 1907 was issued. The object of this Ordinance was rather to enable Government to obtain information as to what was said and done at meetings than to suppress them, and although the District Magistrate was given power to prohibit meetings, yet his powers in that respect were not much in excess of those which he may exercise under section 144 of the Code of Criminal Procedure. The Ordinance was applied, in the first instance, to Eastern Bengal and Assam and the Punjab. In the former, 9 districts or parts of districts were notified, and in the latter 7. The effect of the Ordinance was salutary, but it had one serious fault, in that there was no definition of the term 'public meeting', and the agitators were not slow to take advantage of that defect. The defect was removed when the Ordinance was converted into the Seditious Meetings Act, which came into force in November 1907. The Act was, in the first instance, extended only to Eastern Bengal and Assam, and only one district, Bakarganj, was proclaimed under it. It was in fact used most sparingly although dangerous meetings continued to be held in different parts of the country. To take a few instances of many: itinerant lecturers held meetings in Madras, and we had the very serious riot which took place at Tuticorin; in Eastern Bengal and Assam there were

grave breaches of public peace, of which the most notable was the riot which took place at Baira. Even in Calcutta itself disturbances were rife, and to deal with them strained all the resources of the ordinary law. The temptation to make free use of the Act must have been very great, but the temptation was withstood until, after the murder of Mr. Jackson and Shams-ul Alum, the Act was extended to all the major provinces in India. But from first to last, the Act has been in force only in 5 districts in the whole of India, and I think I may reasonably claim that Government have exercised the powers conferred on them by the Act with great moderation. I have shown, my Lord, that in many cases serious disturbances followed close upon violent speaking. If the results of seditious utterances were limited to transitory tumults, they would not be so dangerous; but unfortunately this is not the case, especially in Eastern Bengal and Assam. Bands of national volunteers were enrolled; seditious societies were established; the boycott was enforced by the most violent measures, sometimes extending to the burning of goods, houses and warehouses of those who were recalcitrant; subsidies were levied by threats from well-to-do people; dacoities were committed in order to secure funds; and assassinations were planned and executed. In fact, it is not too much to say that in many localities a reign of terror was established. I will now come to the existing state of affairs. That there has been an improvement—a very great improvement—in the general situation we all gladly acknowledge. The atmosphere is entirely different from what it was two or three years ago; but, my Lord, it would be folly to allow ourselves to be lulled into a false sense of security on that account. It is necessary to realise that there is a revolutionary party still in existence with which we have to reckon. The results of their activity are in some part—and only in some part—known to the public, for sometimes they become evident even in the streets of Calcutta. But their methods are not so well known; they are known only to those who take pains to discover them. They introduce into India and produce in India large quantities of seditious literature which are circulated on a great scale. They write threatening letters, some of which have been received, even at a comparatively recent period, by Members of this Council. They post up seditious placards in public places; they lay plans for the importation of arms, fortunately so far without any great results. They plan and execute robberies and assassinations. My Lord, I have not the least desire to exaggerate to or say anything which may give rise to feelings of alarm or disquietude, but I do wish to impress upon the Council that the revolutionary party is not dead; it is alert, vigorous and well organised. Their numbers are not, in comparison with the whole population, very great; they may almost be said to be insignificant. Nevertheless, the actual numbers of the party and those who sympathise with them in a greater or less degree are sufficiently numerous to be formidable. It is incredible that they who have used the weapon of seditious oratory with so much effect in the past should refrain from using it if they are ever left free to do so. The danger, my Lord, is not distant or doubtful, it is near and certain, and I think that we ought to be placed in a position to deal with it without delay and without hesitation.

“I now come to a consideration of the existing Act. The Act cannot be extended to any province in India without the consent of the Governor General in Council. Even when it is so extended, none of its provisions can come into force anywhere except in areas which have been notified as proclaimed areas by the Local Government. Then we come, after these preliminary provisions, to the definition of public meetings. The definition of a public meeting is notoriously a very difficult thing, and this definition has been taken from English precedents. The one part of the definition to which great exception has been taken is contained in sub-section (iii) of section 3, which provides that any meeting of more than twenty people shall be held to be a public meeting. Now, the sole intention of that provision was to throw the burden of proof, that a meeting of more than twenty is not a public meeting, upon the organisers of that meeting, and I think that there is no ground whatever for the fables that have been set in circulation that a dinner party or social gathering would come within the purview of the Act. In the next place, the Act only applies to public meetings of a certain kind—public meetings which are

likely to lead to disturbances of the peace or the public tranquillity or which deal with any political subject. I will describe those meetings as meetings of a dangerous class; considering the state in which a proclaimed area must be presumed to be, any meetings of the kind may and are very likely to become dangerous.

"Then we have a section which requires notice of a public meeting to be given. There is a penalty section: the District Magistrate is empowered, under section 144 of the Criminal Procedure Code, to prohibit any public meeting of what I have called the dangerous class, and there is also special power to deal with meetings in public places or in places of public resort. The points which I wish to make perfectly clear are these: in the first place, the provisions of the Act cannot come into operation anywhere until it is extended by an order of the Governor General in Council; in the next place, the provisions of the Act do not come into force in any area except a proclaimed area; and thirdly, the Act only applies to meetings of a specific class and all meetings of any other kind are perfectly free.

"I think, my Lord, that it cannot reasonably be maintained that an Act of this description is unduly oppressive, and I think it will be generally agreed, from what I have said, that the Act has been used very sparingly and with great caution. We have, however, decided to repeal this Act. It would naturally, as I have said, lapse on the 31st March, and we propose to replace it by the Bill which is now before the Council. The provisions of the existing Act which have been modified by the Bill are as follows:

"In the first place, in section 2 we have provided that the previous sanction of the Governor General in Council shall be necessary to the proclamation of any area. I think no one is likely to accuse me of wishing to encroach upon the authority of Local Governments, but the proclamation of an area is a very serious matter. The ultimate responsibility for such action must rest upon the Government of India, and as the Government of India cannot escape the responsibility, we think that it is right that no area should be proclaimed without their previous sanction.

"In the next place, in the definition of a public meeting we have excluded the clause to which I have already alluded, which throws the burden of proof, that a meeting of more than twenty persons is not a public meeting, upon the organisers of the meeting. That clause has given rise to a great deal of misconception, and we have decided, in deference to the objections which have been urged against it—although I do not think they have always been well-founded—we have decided to withdraw that clause.

"The next modification is in clause 4 of the Bill. We have decided to omit from the description of the meeting which I have described as dangerous the words 'for any political subject.' That is to say, the operation of the law will be confined entirely to meetings for the furtherance of discussion of any subject likely to cause disturbance or public excitement, or for the exhibition or distribution of any written or printed matter relating to such subject. And I would say, my Lord, that no reasonable people can really object to Government being invested with powers to deal with meetings of that description, not throughout the whole of the country, but only in areas where the condition of affairs has become so bad that it is necessary to proclaim them. In the next place, in the same section we have made the authority, to whom notice of public meetings should be given, the District Magistrate instead of the District Superintendent of Police. Also we have in the same manner vested the authority to direct police-officers to attend at a public meeting for the purpose of making a report of the proceedings in the District Magistrate, or any Magistrate of the first class authorised by the District Magistrate in that behalf.

"The other modifications which have been introduced are consequential upon those which I have mentioned.

"Such, my Lord, is the Bill which I ask leave to introduce. Those who have always held that this legislation is justifiable and that the circumstances of the time demand it will, I think, accept it. Those who have had doubts as to the propriety of some of the details of the existing Act, while at the same time



they are willing that Government should be armed with all the powers necessary for the maintenance of law and order, will, I hope, be convinced that this measure is as mild and as unobjectionable as any measure of the kind can possibly be. As for those who object on principle to any legislation of this kind, I am afraid that it is impossible to hope that their opposition will be entirely disarmed; but I trust it is not too much to expect that we may receive from them some recognition of our endeavour to make this Bill as little obnoxious to them as possible."

The Hon'ble MR. GOKHALE: "My Lord, I do not wish to say more than a word at this stage of the Bill; but I deem it my duty to state, on my own behalf and on behalf of several of my colleagues here, that we view with great regret the decision of the Government to re-enact this legislation and to re-enact it as part of the permanent statute of the country."

"The Hon'ble Member has told us that the new Bill is in many respects different from the old Act, and as far as I have been able to gather from his explanation the changes seem to be important. That being so, it is due to the Government that no opinion should be expressed at this meeting, I only beg leave to say this, that following the usual practice which is adopted in this Council whenever Bills are introduced without previous publication, both the principle and the details of the Bill should be open to discussion when the Report of the Select Committee comes up for consideration."

His Excellency THE PRESIDENT:—"There will be no objection, in my opinion, to the discussion of the principle of the Bill at a later stage in view of the exceptional procedure which is to-day adopted and in view of the fact that Hon'ble Members have not yet really had an opportunity of studying the provisions of the Bill."

The motion was put and agreed to.

The Hon'ble MR. JENKINS introduced the Bill and moved His Excellency the President to suspend the rules of business.

His Excellency THE PRESIDENT declared the rules suspended.

The Hon'ble MR. JENKINS moved that the Bill be referred to a Select Committee consisting of the Hon'ble Mr. Syed Ali Imam, the Hon'ble Mr. Dadabhoy, the Hon'ble Sardar Partab Singh, the Hon'ble Mr. Gokhale, the Hon'ble Nawab Abdul Majid, the Hon'ble Mr. Andrew, the Hon'ble Mr. Quin, the Hon'ble Mr. Phillips, the Hon'ble Mr. Earle and the mover.

The Hon'ble BABU BHUPENDRANATH BASU:—"May I have Your Excellency's leave to enquire—"

His Excellency THE PRESIDENT:—"I am afraid you are out of order."

The motion was then put and agreed to.

#### ELEMENTARY EDUCATION BILL.

The Hon'ble MR. GOKHALE said: "My Lord, I rise to ask for leave to introduce a Bill to make better provision for the extension of elementary education throughout India. Hon'ble Members will recollect that about this time last year, the Council considered a resolution which I had ventured to submit to its judgment, recommending that elementary education should gradually be made compulsory and free throughout the country, and that a mixed Commission of officials and non-officials should be appointed to frame definite proposals. In the debate, which ensued on the occasion, fifteen Members, including the Home Member, the Home Secretary and the Director General of Education, took part. There was then no separate portfolio of Education, and educational interests rubbed shoulders with jails and the police, in the all-comprehensive charge of the Home Department. In the end, on an assurance being given by the Home Member that the whole question would be carefully

examined by the Government, the resolution was withdrawn. Twelve months, my Lord, have elapsed since then, and the progress which the question has made during the interval has not been altogether disappointing. In one important particular, indeed, events have moved faster than I had ventured to hope or suggest. One of the proposals urged by me on the Government last year was that Education should, to begin with, have a separate Secretary, and that eventually there should be a separate Member for Education in the Governor General's Executive Council. The Government, however, have given us at one bound a full-fledged Department of Education, and the Hon'ble Mr. Butler has already been placed in charge of it. My Lord, the Hon'ble Member's appointment to the new office has been received with general satisfaction, and it is recognised on all sides that he brings to his task a reputation for great practical capacity. What I value, however, even more than his practical capacity, is the fact that the Indian sun has not dried the Hon'ble Member and that he has not yet shed those enthusiasms with which perhaps we all start in life, and without which no high task for the improvement of humanity has ever been undertaken. I think, my Lord, the creation of a separate portfolio for Education brings us sensibly nearer the time when elementary education shall be universal throughout India. That there is a strong demand for this in the country—a demand, moreover, daily growing stronger—may be gathered from the fact that, since last year's debate, the question has been kept well to the fore by the Indian Press, and that last December resolutions in favour of compulsory and free primary education were passed not only by the Indian National Congress at Allahabad, but also by the Moslem League, which held its sittings at Nagpur. On the Government side, too, the declaration made in the House of Commons last July by the Under Secretary of State for India that one of the objects of the creation of the new Education Department was to spread education throughout the country, the significant language employed by Your Lordship on the subject of education in your reply to the Congress address at the beginning of this year, and the Educational Conference, summoned by the Hon'ble Mr. Butler last month at Allahabad—all point to the fact that the Government are alive to the necessity of moving faster and that it will not be long before vigorous measures are taken in hand to ensure a more rapid spread of mass education in the land. The present thus is a singularly favourable juncture for submitting to the Council and the country the desirability of a forward move, such as my Bill proposes, and I earnestly trust the Council will not withhold from me the leave I ask to introduce the Bill.

“My Lord, I expect the Government have now concluded their examination of my proposals of last year, and perhaps the Hon'ble Member will tell us to-day what conclusions have been arrived at. The part of the scheme to which I attached the greatest importance was that relating to the gradual introduction of the principle of compulsion into the system of elementary education in the country, and that part is now embodied in the Bill which I wish to introduce to-day. My Lord, an American legislator, addressing his countrymen more than half a century ago, once said that if he had the Archangel's trump, the blast of which could startle the living of all nations, he would sound it in their ears and say: ‘Educate your children, educate all your children, educate every one of your children.’ The deep wisdom and passionate humanity of this aspiration is now generally recognised, and in almost every civilised country, the State to-day accepts the education of the children as a primary duty resting upon it. Even if the advantages of an elementary education be put no higher than a capacity to read and write, its universal diffusion is a matter of prime importance, for literacy is better than illiteracy any day, and the banishment of a whole people's illiteracy is no mean achievement. But elementary education for the mass of the people means something more than a mere capacity to read and write. It means for them a keener enjoyment of life and a more refined standard of living. It means the greater moral and economic efficiency of the individual. It means a higher level of intelligence for the whole community generally. He who reckons these advantages lightly may as well doubt the value of light or fresh air in the economy of human health. I think it is not unfair to say



that one important test of the solicitude of a Government for the true well-being of its people is the extent to which, and the manner in which, it seeks to discharge its duty in the matter of mass education. And judged by this test, the Government of this country must wake up to its responsibilities much more than it has hitherto done, before it can take its proper place among the civilised Governments of the world. Whether we consider the extent of literacy among the population, or the proportion of those actually at school, or the system of education adopted, or the amount of money expended on primary education, India is far, far behind other civilised countries. Take literacy. While in India, according to the figures of the census of 1901, less than 6 per cent. of the whole population could read and write, even in Russia, the most backward of European countries educationally, the proportion of literates at the last census was about 25 per cent., while in many European countries, as also the United States of America, and Canada and Australia, almost the entire population is now able to read and write. As regards attendance at school, I think it will be well to quote once more the statistics which I mentioned in moving my resolution of last year. They are as follows:—‘In the United States of America, 21 per cent. of the whole population is receiving elementary education; in Canada, in Australia, in Switzerland, and in Great Britain and Ireland, the proportion ranges from 20 to 17 per cent.; in Germany, in Austria-Hungary, in Norway and in the Netherlands the proportion is from 17 to 15 per cent.; in France it is slightly above 14 per cent.; in Sweden it is 14 per cent.; in Denmark it is 13 per cent.; in Belgium it is 12 per cent.; in Japan it is 11 per cent.; in Italy, Greece and Spain it ranges between 8 and 9 per cent.; in Portugal and Russia it is between 4 and 5 per cent.; whereas in British India it is only 1·9 per cent.’ Turning next to the systems of education adopted in different countries, we find that while in most of them elementary education is both compulsory and free, and in a few, though the principle of compulsion is not strictly enforced or has not yet been introduced, it is either wholly or for the most part gratuitous, in India alone it is neither compulsory nor free. Thus in Great Britain and Ireland, France, Germany, Switzerland, Austria-Hungary, Italy, Belgium, Denmark, Norway, Sweden, the United States of America, Canada, Australia and Japan, it is both compulsory and free, the period of compulsion being generally six years, though in some of the American States it is now as long as nine years. In Holland, elementary education is compulsory, but not free. In Spain, Portugal, Greece, Bulgaria, Servia and Roumania, it is free, and, in theory, compulsory, though compulsion is not strictly enforced. In Turkey, too, it is free and nominally compulsory, and in Russia, though compulsion has not yet been introduced, it is for the most part gratuitous. Lastly, if we take the expenditure on elementary education in different countries per head of the population, even allowing for different money values in different countries, we find that India is simply nowhere in the comparison. The expenditure per head of the population is highest in the United States, being no less than 16s.; in Switzerland, it is 13s. 8d. per head; in Australia, 11s. 3d.; in England and Wales, 10s.; in Canada, 9s. 8d.; in Scotland, 9s. 7½d.; in Germany, 6s. 10d.; in Ireland, 6s. 5d.; in the Netherlands, 6s. 4½d.; in Sweden, 5s. 7d.; in Belgium, 5s. 4d.; in Norway, 5s. 1d.; in France, 4s. 10d.; in Austria, 3s. 1½d.; in Spain, 1s. 10d.; in Italy, 1s. 7½d.; in Servia and Japan, 1s. 2d.; in Russia, 7½d.; while, in India, it is barely one penny.

“My Lord, it may be urged, and with some show of reason, that as mass education is essentially a Western idea, and India has not been under Western influences for more than a century, it is not fair to compare the progress made by her with the achievements of Western nations in that field. I am not sure that there is really much in this view, for even in most Western countries, mass education is a comparatively recent development, and even in the East, we have before us the example of Japan, which came under influence of the West less than half a century ago, and has already successfully adopted a system of universal education. Assuming, however, for the sake of argument, that it is not fair to compare India with Western countries in this matter, no such objection can, I believe, be urged against a comparison of Indian progress with that made in the Philippines, or Ceylon, or Baroda. The Philippines came under American rule only thirteen years ago; it cannot be said that in natural

intelligence or desire for education, the Filipinos are superior to the people of India ; and yet the progress in mass education made in the Islands during this short period has been so great that it constitutes a remarkable tribute to the energy and enthusiasm of American ideals. Under Spanish rule, there was no system of popular education in the Philippines. As soon as the Islands passed into the possession of the United States, a regular programme of primary education came to be planned and has been steadily adhered to. The aim is to make primary education universal. Instruction is free, and the education authorities advise compulsion, though no compulsory law has yet been enacted. So great, however, is the enthusiasm that has been aroused in the matter that many Municipalities have introduced compulsion by local ordinances. And though there is room for doubt if the ordinances are strictly legal, no question has been raised, and the people are acquiescing cheerfully in their enforcement. How rapidly things are advancing in the Philippines may be judged by the fact that in five years—from 1903 to 1908—the number of pupils attending school more than doubled itself, having risen from 150,000 to 360,000. The proportion of children receiving instruction to the whole population of the Islands is now nearly 6 per cent., as against 2 in British India.

“The conditions of Ceylon approximate closely to those of Southern India, and the fact that it is directly administered by England as a Crown colony need not make any difference in its favour. In regard to mass education, however, Ceylon is far ahead to-day of India. Elementary instruction in Ceylon is imparted by two classes of schools, Government and Aided, the Government schools covering about one-third, and the Aided schools two-thirds of the area. In Government schools, a system of compulsory attendance has long been in force, the defaulting parent being brought by the teacher before a Village Tribunal, who can inflict small fines. In 1901, a Committee was appointed by the Government to advise what steps should be taken to extend primary education in the Island, and the Committee strongly recommended ‘that Government should take steps to compel parents to give their children a good vernacular education’. Again, in 1905, a Commission was appointed to make further enquiries into the matter, and the recommendations of this body were accepted in the main by the Colonial Secretary. These recommendations were: (1) that attendance at school should be compulsory for boys during a period of six years in areas proclaimed by the Governor; (2) that no fees should be charged; (3) that girls’ education should be pushed on vigorously; (4) that District and Divisional Committees should be constituted to look after the education of children in their areas; and (5) that the Road Tax should be handed over to these bodies to form the nucleus of an Education Fund. Action was first taken under the new scheme in 1908, when 16 Districts were proclaimed by the Governor; and the official report for 1909 thus speaks of its working: ‘There has been no difficulty so far, and there seems to be every reason to hope that none of the difficulties, which were anticipated by some of the managers of aided schools, will arise. It is hoped that in the course of the present year, it will be brought into working order in all the Districts.’ In 1909 the total number of pupils, attending primary schools in Ceylon, was 237,000, which gives a proportion of 6·6 per cent. to the whole population of the Island.

“Within the borders of India itself, the Maharaja of Baroda has set an example of enthusiasm in the cause of education, for which he is entitled to the lasting gratitude of the people of the country. His Highness began his first experiment in the matter of introducing compulsory and free education into his State eighteen years ago in ten villages of the Amreli Taluka. After watching the experiment for eight years, it was extended to the whole taluka in 1901, and finally, in 1906, primary education was made compulsory and free throughout the State for boys between the ages of 6 and 12, and for girls between the ages of 6 and 10. The age limit for girls has since been raised from 10 to 11. The last two Education Reports of the State explain with considerable fullness the working of the measure, and furnish most interesting reading. In 1909, the total number of pupils at school was 165,000, which gives a proportion of 8·6 per cent. to the total population of the State. Taking